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A Decision On Pinochet Is Not His, Blair Insists

Chile's Foreign Minister Is Told in London: Case Rests With Judiciary

By Warren Hoge
New York Times Service

LONDON — Sticking to Britain's official hands-off policy in the Augusto Pinochet case, Prime Minister Tony Blair said Friday that he did not expect to be even "consulted" about it and Robin Cook, the foreign secretary, assured his Chilean counterpart that any decisions would be made free of political considerations.

Home Secretary Jack Straw, the British official responsible for deciding whether or not to go forward with a Spanish petition seeking the former Chilean dictator's extradition, obtained the extra time Friday that he had sought to make his decision. Chief Metropolitan Stipendiary Magistrate Graham Parkinson postponed the hearing, nine days until Dec. 11, and said he expected General Pinochet in court then.

Spanish courts are seeking the extradition of the 83-year-old general to Madrid to stand trial on charges of genocide, terrorism and torture in the murders and "disappearances" of 3,178 people. He was arrested in London Oct. 16 and subsequently lost a legal effort in the House of Lords, England's highest court, to have himself declared immune to arrest because of his status as a former head of state.

Mr. Cook said José Miguel Insulza, Chile's foreign minister, had communicated to his government's "strong view" that General Pinochet should be permitted to return home immediately. He said he had hoped that the British government could not possibly interfere in what was a purely judicial matter.

I explained that the next stage of the extradition process, the trial, would be handled by the Home Secretary, not the Foreign Ministry, and that this was a "matter of collective ministerial decision," Mr. Cook said in a statement.

He said the one-time meeting had been "friendly" and that he assured the Chilean that "neither the original arrest nor subsequent steps had been politically motivated." Afterward, Mr. Insulza visited No. 10 Downing Street, where he met officials, but not the prime minister, and left a letter that a spokesman said would be passed on to the Home Office.

Mr. Straw has said he will not be seeing any national delegations or representatives of interest groups in de-



PARIS REBUTS EFFORT TO CHARGE KABILA — President Laurent Kabila of the Democratic Republic of the Congo arriving Friday at the National Assembly in Paris for the French-African summit meeting. Prosecutors turned down attempts by two groups to charge him for human rights violations. Page 4.

Will a 'People's Economy' Be Better?

Indonesia Promotes Cooperatives, but Critics Warn of Corruption

By Paul Blustein
Washington Post Service

JAKARTA — Struggling to recover from the devastation caused by the Asian financial crisis, the Indonesian government is moving to rid the economy of the "crony capitalism" that flourished here for decades — with a vengeance that some economists find worrisome.

The new buzzword is the "people's economy," and it stands for a government plan to end the economic dominance of the large conglomerates run by tycoons who enjoyed close ties to former President Suharto and his family.

Instead of conglomerates, the government of President B.J. Habibie is aiming at building an economic system based on small businesses and small and medium-sized

"In Indonesia, 1 percent has controlled 60 percent of the gross domestic product," said Adi Sasono, the cooperative minister and one of the government's most important figures, referring to the small proportion of the population with economic power. "That is not a healthy

economic structure," Mr. Adi said. "Now the idea is to promote even playing fields. What we have to avoid is where the big players control everything."

The new approach was approved in broad terms at a special session of the 1,000-member People's Consultative Assembly this month. The decision was overshadowed by student protests that ended in bloody confrontations with soldiers. But while it may sound like a refreshing shift from an era characterized by corruption and collusion, it is stirring considerable concern that Indonesia may be simply replacing one rotten system with another.

For one thing, the initiative is fraught with ethnic politics. Most of the largest conglomerates are run by members of the ethnic Chinese minority, whose entrepreneurial talents played a key role in the country's rapid economic growth over most of the past three decades.

The government denies that any ethnic group is being singled out. But many analysts fear that Mr. Habibie, who took over in May after mass protests forced Mr. Suharto to

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Singapore Puts On a Liberal Shine

Hoping to Be a Global Center, It Borrows Rival Hong Kong's Ways

By Mark Landler
New York Times Service

SINGAPORE — When Lee Kuan Yew, the father of modern Singapore, wanted to transform this spit-and-polish outpost into a global financial center, he urged people here to mimic the freewheeling ways of Hong Kong.

Never mind that under Mr. Lee's stricture, Singapore had made a virtue of being everything Hong Kong was not: clean, orderly, buttoned-down, an oasis of Asian values worlds away from the Western permissiveness of Hong Kong.

Yet in a series of speeches over the past year, Mr. Lee, the prime minister, and his son, Lee Hsien Loong, deputy prime minister, have called on regulators to use a lighter hand on Singapore's markets. This quickly became official policy.

"It's very difficult to decide to change policies when they are working," said Lee Hsien Loong, a brisk former army general who also runs the powerful Monetary Authority and is expected to be the next prime minister. "But we got feedback from bankers and others that if you want to take the next step up, then really you have to shift gears and allow more free play."

Few places on earth would set out to become more freewheeling as methodically as Singapore would. But

experts in Asia are not about to poke fun: They say that this combination of flexibility and dogged determination has enabled Singapore to steer a remarkably steady course through the Asian economic typhoon.

Although the Singapore economy finally slid into negative territory in the third quarter, it had held out longer than that of most of its neighbors. And several economists and analysts said that Singapore's strategy of cutting wages, allowing the currency to adjust downward and liberalizing the financial markets could mean that it will be in healthier shape after the crisis than the normally resilient Hong Kong.

While Hong Kong still has many advantages, Singapore is about to give it a run for its money. Singapore has introduced a futures contract based on the Hong Kong stock market that traders say is the most serious challenge yet to Hong Kong's status as the financial hub of East Asia.

"Singapore has been more streetwise than Hong Kong," said J. Mark Mobius, president of Templeton Emerging Markets Fund, which moved its headquarters from Hong Kong to Singapore because of its lower tax rates. "They've adopted a better understanding of the crisis and sounder policy." William Overholt, director of Asia strategy at

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Pope Sets Tone for 2000: Forgiveness

By Alessandra Stanley
New York Times Service

ROME — For Roman Catholic sinners, the year 2000 offers a fast track to Heaven.

In a Papal Bull entitled "Incarnationis Mysterium" (Mystery of the Incarnation), Pope John Paul II formally proclaimed 2000 a Holy Year, and issued edicts that serve as a practical guide to spiritual salvation during the Jubilee.

The Pope announced in the document Friday that throughout the millennium

celebration, penitents who do a charitable deed or give up cigarettes or alcohol for a day can earn an "indulgence" that will eliminate time in purgatory. Indulgences are a form of church-granted amnesty that release penitents from certain forms of punishment.

The Medieval church sold indulgences, a practice that drove Martin Luther to rebel and begin the Reformation. They remain a source of intense debate between Protestants and Catholics, and since Vatican II the church has played down their importance.

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Gently, China Flexes Strategic Muscles in Asia

By Michael Richardson
International Herald Tribune

SINGAPORE — Outlining a strategic blueprint for Asia that differs sharply from the approach of the United States, Defense Minister Chi Haotian of China said Friday that security in the region could not be achieved by military alliances.

Making the first policy speech by a Chinese defense minister in Southeast Asia — where many countries view Beijing's growing power with some misgiving — General Chi sought to portray China as a peaceful giant that was a partner, not a threat, to the region.

But he also appeared to be warning other Asian nations that China was unhappy with the existing security order in which the United States and its allies, especially Japan, play a central role.

He made it clear that Beijing was determined to have a major say in developing new arrangements "based on mutual trust and common interest" that would supersede the network of alliances in which the United States plays a dominant role.

"Historical and immediate experiences have proved that security cannot be achieved by an increase in arms, nor by military alliances," General Chi

said. "To obtain lasting peace, it is imperative to cultivate a new concept of security and seek a new way to safeguard peace."

The development of China, he declared, "requires a lasting and stable environment of peace."

"China's defense buildup will not target any other country and will never constitute threats to any country. China will never seek to be a superpower and never seek hegemony."

The United States, in the latest edition of the East Asia Strategy Report, its strategic blueprint for the region, said

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Europeans Contest U.S. NATO Vision Broader Alliance Role Opposed

By Roger Cohen
New York Times Service

ing NATO too sweeping a mission, officials said. Russia, of course, is also deeply concerned.

In particular, officials said, a sharp conflict exists over America's determination to include in NATO's new "mission" or "vision" statement (the precise term is under discussion) a stipulation that the alliance may, in exceptional circumstances, act without a specific United Nations Security Council mandate.

NATO diplomats said the Clinton administration had recently presented a very ambitious program for the April meeting, designed partly to convince Congress that the North Atlantic Treaty Organization is still central to American security, raising European concerns that the United States is trying to turn NATO into a freewheeling global vehicle for its interests.

The summit meeting amounts to a critical watershed for NATO. It is destined to define NATO's new "Strategic Concept" after almost a decade of largely improvised adaptations to the post-Cold War world, setting down a doctrine that takes the allies a very long way beyond the commitment to mutual self-defense that lay at the core of the Washington Treaty of 1949.

But after a summer and fall largely consumed by the crisis in Kosovo, and in the light of a bold American agenda clearly conceived to constitute President Bill Clinton's legacy for the alliance, there is widespread concern at NATO headquarters that time is short and agreement far from assured.

At the root of the differences lies the American conviction that NATO should now be seen as "an alliance of interests" as much as one dedicated to the defense of a specific territory, and that those interests may in some instances push NATO into far-flung activities, for example to counter chemical and biological weapons, nuclear proliferation, or terrorism.

"Of course, when America talks of the defense of interests, and not just territories, it leads to continued suspicions that the United States is seeking to globalize NATO," a senior official said. "NATO is still Euro-Atlantic, but we should not artificially exclude what we might use NATO for."

A European official said that while the need to adapt NATO, and formalize the changes that have already taken place since 1989, was not in dispute, several European countries were concerned that Washington wanted to push the alliance far beyond its core European commitments and might be exaggerating threats to justify this.

The Americans have put a program on the table that calls for NATO to play a major role in controlling and countering weapons of mass destruction, nuclear, biological and chemical," he said. "But we worry that America may be creating a new threat perception that will scare our populations with visions of anthrax and gangrene while allowing NATO to become a global organization."

France, always concerned with what it sometimes calls "American hegemony" and keen to develop Europe's own defense capacities, and Germany, whose new "Red-Green" coalition of Social Democrats and environmentalist Greens has a broadly anti-militarist bent, are among the states wary of giving

Pyongyang Losing Edge To Invade, U.S. Asserts

By Paul Richter
Los Angeles Times Service

WASHINGTON — North Korea's ability to overrun the South with conventional armed forces, a focus of U.S. military planning for almost five decades, is disintegrating in the face of the country's economic crisis, according to the Pentagon.

Amid crippling shortages of food and fuel, North Korea's ability to field and reinforce a mobile force of tanks and troops "has been largely undermined," a senior defense official said. As a result, he added, "any strategy they might have had to seize territory has been put in substantial jeopardy."

Since the end of the Korean War, the U.S. and South Korean militaries have maintained huge forces to repel an invasion that could involve tens of thousands of troops spilling across the Demilitarized Zone between the North and South.

Along with Iraq, North Korea has been the U.S. military's greatest worry in the post-Cold War world. And recently, as the North has weakened, defense officials have freed from its isolated, Stalinist leadership might try to seize great chunks of southern territory in a final "lash-out" attack before seeking peace.

But the changing view of North Korean conventional forces does not mean that the United States intends to scale back its military support for South Korea, where it maintains 37,500 troops. This

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AGENDA



Kurdish women in hats bearing the portrait of the guerrilla leader Abdullah Ocalan, raising the victory sign Friday in Bonn after Germany said it would not seek extradition of Mr. Ocalan. Page 4.

Clinton Plans to Visit Gaza and Israel

WASHINGTON (AP) — President Bill Clinton will travel to Gaza to address the Palestinian National Council and oversee the implementation of a critical element of the Wye River Mideast peace accord, the

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The Internat'l www.iht.com

White House announced Friday. The council is scheduled to meet Dec. 14 and reaffirm the revocation of clauses in the PLO charter that call for the destruction of Israel.

Mr. Clinton, who is to leave Washington Dec. 12, will visit Israel and the West Bank, make speeches to Israelis and Palestinians, and meet with Prime Minister Benjamin Netanyahu and the Palestinian leader, Yasser Arafat.

Mr. Netanyahu, meanwhile, cut short a trip abroad to deal with the Israeli Army's long-standing occupation of southern Lebanon. Page

The Dollar		
New York	Friday 8:45 AM	previous close
DM	1.7127	1.7045
Yen	123.04	121.705
FF	5.7445	5.7133
Pound	1.6538	1.6611
Dollars per pound		
The Dow		
Friday close		Percent change
+10.80	9,333.06	+0.20%
S&P 500		
+5.42	1,182.29	+0.46%
Nasdaq		
+31.24	2,016.44	+1.57%

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Greece	£2.05. Rep. Ireland	£2.10. Dublin
Iceland	ISK 1,100. Reykjavik	1,050 Reykjavik
Israel	55.00 NIS. Tel Aviv	50.00 Tel Aviv
Japan	55.00 S. Tokyo	50.00 Tokyo
Malta	1,000 MD. Malta	55 c
Norway		

Iraq Rebuffs Clinton Over Documents on Toxic Arms

Compiled by Our Staff From Dispatches

BAGHDAD — Foreign Minister Mohammed Said Sabah says Iraq rejects the conditions set by President Bill Clinton after calling off the Nov. 14 military strikes on Iraq.

He said Iraq would turn down any request by the chief UN weapons inspector, Richard Butler, that is unrelated to disarmament or that jeopardizes Iraqi security.

In a television interview broadcast late Thursday, Mr. Sabah said the government was committed only to a UN resolution that linked the removal of sanctions to a certification by UN weapons inspectors that Iraq was free of weapons of mass destruction. The sanctions were imposed after Iraq invaded Kuwait in 1990.

Mr. Sabah, referring to Mr. Butler, said, "This wretched person now thinks he has the backing of the United States of America in accordance with the points raised by its president."

Iraq evaded the military strikes by allowing the resumption of inspections by the United Nations Special Commission after a two-week hiatus.

Mr. Sabah said Mr. Butler and the United States were mistaken if they believed that Iraq's decision to cooperate gave them the right to obtain "a yes" answer from Iraq to every demand. But the foreign minister quickly added that Iraq was committed to cooperating with the Special Commission.

Cooperation with the inspectors was one of the conditions that Mr. Clinton laid out in calling off the strikes. He also demanded that Iraq provide the inspectors all documents they need.

Mr. Butler has asked for papers that are said to relate to Iraq's biological and chemical weapons programs. Iraq says that most of the documents in question do not exist and that those in its possession will not be handed over for national security reasons.

According to Iraqi officials, the Special Commission has stepped up the pace of daily site visits since resuming work Nov. 13 and has carried out dozens of "surprise" inspections, with Iraq's full cooperation.

But Mr. Butler said last week that intrusive inspections were still "three or four weeks" away. (AP, AFP)



Daniel Hulshizer/The Associated Press

RUSH IS ON — Shoppers crowding a Wal-Mart in Windsor, New Jersey, at dawn Friday for the hottest item of the holiday shopping season: the Furby, a furry, goblin-like talking doll. Some parents, worried about short supply, started lining up in the middle of the night.

Iraq Crisis Frustrates Arabs

Jordanians Point to Intransigence of Israel And Condemn U.S. Over 'Double Standard'

By Stephen Kinzer
New York Times Service

AMMAN, Jordan — From her jewelry shop on a busy street here, Iman Khalidi is watching the confrontation between Iraq and the United States with growing frustration.

Like many people in Jordan and across the Arab world, she has nothing good to say about Saddam Hussein. But she is angry that Western countries threaten to punish the Iraqi leader for defying United Nations' resolutions while, she said, "they just stand by as Israel does the very same thing."

that, said sponsors of the event, was precisely the point.

Short Takes

In more than 30 states and scores of cities this week was observed as "Bible Week" in recognition of "the historical role of the Bible in American culture and history," as one participant put it. But many people in Gilbert, Arizona, viewed it as an antisexist act, possibly an unconstitutional mixing of church and state, when their mayor, Cynthia Dunham, proclaimed a Bible Week for Gilbert. Backed by the American Civil Liberties Union, they are suing to nullify her proclamation, and a similar one by Governor Jane Hull. Ms. Dunham and Ms. Hull say they will fight the challenge.

Who is to say that celebrating the Yankee World Series victory is a more or less extraordinary event than the commemoration of World AIDS Day?" he wrote. "After all, it is presently estimated that 30.6 million people are living with HIV or AIDS worldwide."

Michael Hess, the city's chief lawyer, disagreed, saying, "To say that extraordinary events like the Yankee victory parade and the John Glenn astronaut parade should be treated equally with any group that wants to conduct a parade, we think, is not the right interpretation" of the constitutional guarantee of free speech. He said the city probably would appeal.

Meanwhile, a plan to raise a Christmas tree adorned with condoms in the Central Park skating rink as part of an AIDS-awareness event has been canceled. A Roman Catholic group and others had questioned whether it was possible to cover a Christian symbol in contraceptives in a tasteful way.

Mayor Rudolph Giuliani called the plan "one of the most idiotic ideas I've ever heard of."

A Parks Department official said parents might not want their children to see a condom-decked tree. But

Brian Knowlton

AMERICAN TOPICS

AIDS Parade Just as Valid As Yankees, Judge Rules

A federal judge in New York has ruled that a parade through lower Manhattan marking World AIDS Day can go forward, saying that the policy cited by city officials to deny a parade permit was unconstitutional.

Judge Harold Baer Jr. said the city's refusal to permit the parade Tuesday on the grounds that it would be disruptive hinted at discrimination by a city that has allowed three ticket tape parades since October.

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the phones will be busy late next month at the National Runaway Switchboard, a federally funded toll-free hot line for troubled youths. Twice as many calls come in during the week after Christmas as during the rest of the month, reports The Atlantic Monthly. Hot line officials say family strife, reined in during the holiday, often erupts shortly afterward.

No one knows how many runaways and homeless children there are in the United States, though the figure is believed to exceed a million. The hot line collaborates with the Greyhound bus line to give runaways tickets home.

A 77-year-old Florida man with a sleepwalking habit awoke recently to find himself up to his amputated alligators. When James Curro, of Palm Harbor, wandered from home, he stumbled into a pond and awoke in several feet of water, his legs stuck in the mud. Several gators, some longer than 3 feet, came to visit, he said. He fended them off with his cane — sleepwalker, take note — until neighbors heard his cries and summoned police. Mr. Curro suffered no serious injury.

Brian Knowlton

Away From Politics

The U.S. Postal Service lost \$84.7 million attempting to develop 19 new products it hopes will compensate for the mail it is losing to new forms of electronic communication. (WP)

A death row inmate escaped Friday from a prison outside Huntsville, Texas, by hiding in a recreation yard, bounding over two fences and avoiding shots fired by a guard. (AP)

The historic Northwestern Pacific Railroad was ordered closed by the Federal Railroad Administration because of safety risks and its threat to the environment. (AP)

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Clinton Replies to 81 Hyde Questions

President Again Denies Misleading Grand Jury on Lewinsky

The Associated Press

WASHINGTON — President Bill Clinton on Friday answered the 81 questions put to him by the House Judiciary Committee, asserting that his grand jury testimony on Monica Lewinsky "was not false and misleading."

The whole furor over his attempts to conceal his relationship with the former White House intern "long ago ceased to be primarily a legal or political issue," the president said.

"I hope these answers will contribute to a speedy and fair resolution to this matter," Mr. Clinton wrote to the committee.

In response to several questions in which the committee chairman, Henry Hyde, asked the president to admit or deny giving false testimony under oath — when he swore that Ms. Lewinsky gave him gifts only "once or twice," and when he testified about not knowing that Ms. Lewinsky had been subpoenaed as a witness in the Paula Jones sex harassment case — the president resolutely defended himself.

"That testimony was not false and misleading," a sentence repeated several times throughout the 34 signed pages that Mr. Clinton submitted to Congress on Friday afternoon.

His lawyer, David Kendall, wrote to Mr. Hyde separately, emphasizing, "the president did not commit or submit perjury, tamper with witnesses, obstruct justice or abuse power." Mr. Kendall pronounced the committee that another memo in Mr. Clinton's defense was in the works.

On one central allegation of asking his personal secretary, Betty Currie, to conceal evidence in the Jones case, Mr. Clinton responded, "I never told Ms. Currie to take possession of gifts I had given Ms. Lewinsky."

As for vouching under oath for the truthfulness of Ms. Lewinsky's own sworn denials of a sexual relationship, Mr. Clinton said he believed that he had had an advance look at Ms. Lewinsky's affidavit and that he verified its truthfulness because they were both using a definition of "sexual relations" that included oral sex.

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Not Senator Paul Wellstone, the liberal Democrat from Minnesota, a second-term senator and former political science professor, was the first to establish an "exploratory committee" as an initial step for a presidential campaign. It has helped finance his travels as part of his drive to build support.

Recently, Mr. Wellstone wrote to Democrats around the country soliciting funds for his committee and sounding out populist themes for a campaign.

"The American people deserve leadership that comes to grips with bread-and-butter economic issues and takes on powerful interests," he wrote. "The American people deserve a foreign policy that truly reflects our democratic ideals and places human rights at its center."

cluded only intercourse.

Mr. Clinton lumped together a half-dozen questions about meetings with his aides and his denial to them in the first days after the Lewinsky allegations surfaced last January. To all of those questions, Mr. Clinton responded: "I misled people about this relationship. I have repeatedly apologized for doing so."

After a round of golf on Friday morning, Mr. Clinton finalized the document and sent it to Capitol Hill — three weeks after Mr. Hyde asked Mr. Clinton on Wednesday and demanded that he respond by Monday or face a subpoena. But the White House spokesman, Joe Lockhart, said the Clinton family's decision to return from their holiday at Camp David was unrelated to the yet-unanswered questions.

and obstruction of justice.

Mr. Hyde, Republican of Illinois, who first relayed the 81 questions on Nov. 5, wrote Mr. Clinton on Wednesday and demanded that he respond by Monday or face a subpoena. But the White House spokesman, Joe Lockhart, said the Clinton family's decision to return from their holiday at Camp David was unrelated to the yet-unanswered questions.

POLITICAL NOTES

Hard Road for Censure Advocates

WASHINGTON — The idea of censuring President Bill Clinton for his conduct in the Monica Lewinsky scandal, rather than impeaching him, is steadily gaining momentum in the House.

That development reflects the awareness among lawmakers of both parties that the votes to impeach Mr. Clinton on even a single perjury count are in doubt. House Democrats in particular support censure as a means of condemning Mr. Clinton's misconduct without removing him and of shielding themselves from Republican criticism that they are too lenient.

But it is not clear whether supporters of censure can build a majority for their option. Moreover, the Republican leaders have the power to prevent a vote on censure, which they might do if they were to perceive that it would strengthen the chances of impeachment.

Many of the 228 Republicans in the current Congress — perhaps more than 100 of them — might vote against censure, senior Republican aides say, because they consider it either insufficient or unconstitutional. So a majority of the 206 Democrats and single independent would most likely have to hold firm to win passage of a censure resolution.

There are serious cracks within the Democratic ranks. Many of the 35 members of the Congressional Black Caucus, for example, oppose any punishment of the president, saying he is a victim of a biased investigation by Kenneth Starr, the independent counsel. Other liberal Democrats speak similarly.

But senior Democratic aides express confidence that the party leaders would prevail among their rank and file by making an impassioned argument for unity. (NYT)

Liberal Isn't Shy About 2000 Bid

WASHINGTON — Publicly, Vice President Al Gore refuses to acknowledge the obvious: that he is running for president in 2000. Other Democratic and Republican aspirants are also playing coy.

Not Senator Paul Wellstone, the liberal Democrat from Minnesota, a second-term senator and former political science professor, was the first to establish an "exploratory committee" as an initial step for a presidential campaign. It has helped finance his travels as part of his drive to build support.

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"The American people deserve leadership that comes to grips with bread-and-butter economic issues and takes on powerful interests," he wrote. "The American people deserve a foreign policy that truly reflects our democratic ideals and places human rights at its center."

The Golden Bull

"All the people said to one another 'This is the god [the golden bull] that brought us out of Egypt.' . . .

He melted the idol the people had made and he ground it into dust.

Moses knew that the people were out of control... and had made fool of themselves."

EXODUS, Chapter 32

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AP

As African Talks Start, Paris Rebuffs Effort to Charge Kabila

By Craig R. Whitney
New York Times Service

PARIS — As 34 African heads of state began a French-African summit meeting here, prosecutors in Paris turned down requests Friday by two French human rights groups to begin criminal proceedings against President Laurent Kabila of the Democratic Republic of the Congo on torture charges.

Mr. Kabila, whose forces took power in what used to be called Zaire last year after driving out its longtime president, Mobutu Sese Seko, arrived Thursday from Belgium, where authorities had assured him that his office gave him diplomatic immunity from prosecution or extradition on human rights charges.

Charles Josselin, the French minister

in charge of relations with African countries, was asked by reporters in Paris why a former Chilean dictator, Augusto Pinochet, could be held in Britain for possible extradition to Spain on charges of murder for crimes committed under his rule, but Mr. Kabila and other African strongmen invited to France could enjoy impunity.

"He was invited as the head of state of Democratic Congo," Mr. Josselin said. "In this capacity, he benefits from the immunity accorded to heads of state while in office, a big difference with General Pinochet, who no longer was," he said.

Two human rights groups, the International Federation of Human Rights Leagues, and the French League for the Defense of Human Rights, had asked

prosecutors to begin an investigation of massacres allegedly committed by Mr. Kabila's forces as a violation of a 1984 convention against torture and other cruel, inhuman or degrading actions.

Officials in the Paris prosecutor's office said that the convention did not clearly apply to heads of state, and that the complaints by the two groups had not named any individual victim of torture whose case could be investigated.

President Jacques Chirac, who opened the conference Friday afternoon in the Louvre museum, greeted Mr. Kabila perfunctorily, but plans to meet with him in the Elysee Palace on Saturday.

Mr. Chirac renewed France's call for an international conference, under UN auspices, on peace, security and stability in the Great Lakes region, where both

Rwanda and Uganda are supporting rebels against Mr. Kabila's rule in eastern Congo. Angola, Namibia, Chad and Zimbabwe are backing Mr. Kabila.

Asked whether he might see the Ugandan and Rwandan leaders while he was here, Mr. Kabila said, "A meeting with the aggressors is possible."

Mr. Chirac also said he planned to meet with all the leaders involved in the Congo crisis while they were in Paris.

He told the African leaders Friday morning that they needed a collective security system for resolving conflicts like those that a quarter of all sub-Saharan countries had been involved in this year. He said that France was prepared to play a role in peacekeeping operations if international authorities wished.

But France has cut back its forces in its former colonies in Africa to about 6,000 soldiers over the past two years, down from 7,800, and intends to keep cutting to about 5,000 as part of its plan to reduce and professionalize the French military.

Mr. Chirac, a conservative, and his Socialist prime minister, Lionel Jospin, have told African leaders that the old days when France used to send in paratroopers and the Foreign Legion to prop up friendly dictators were gone forever.

"The period of outside interference is over," Mr. Chirac reiterated Friday.

"There is a necessity for African countries, and that is to inspire confidence," Mr. Chirac said, "for without confidence there is no economic development. To inspire confidence in the world, today, countries have to appear respectful of the principles of democracy."

Germany Will Not Seek Extradition of Kurd, Citing Risk of Violence

Reuters

BONN — Chancellor Gerhard Schroeder said Friday that Germany would not ask Italy to extradite the Kurdish guerrilla leader Abdullah Ocalan, but that Mr. Ocalan should appear before a European or international court.

Citing a threat to internal peace, Mr. Schroeder said, "I have asked the Italian prime minister for his understanding that we will not make a request for extradition."

"This is because we are the country in Europe with the most Kurds — often refugees — and Turkish citizens," he said at a press conference with Prime Minister Massimo D'Alema of Italy. "We are interested in protecting the peace in Germany."

Mr. Schroeder said, "This is one of the most difficult decisions that has had to be made in the recent past."

In Ankara, the government said the refusal by Germany to seek the extradition made it even more essential that Mr. Ocalan be handed over to Turkey.

"As Germany has announced that it would not ask for extradition, the only option is the extradition to Turkey," the Foreign Ministry said. Mr. Ocalan, it said, "is a Turkish citizen and has committed terrorist activities in Turkey."

Turkey blames Mr. Ocalan, arrested in Italy two weeks ago, for leading a 14-year guerrilla campaign for self-rule in which some 29,000 people have died.

An Italian court on Nov. 20 refused an initial Turkish request for his extradition. The Italian Constitution prevents

the government from handing over a suspect to countries like Turkey where the death penalty is legal. Germany issued an arrest warrant in 1990 accusing Mr. Ocalan of inciting followers in Germany to murder.

Mr. Schroeder said he and Mr. D'Alema had agreed they would work immediately to have Mr. Ocalan, leader of the Kurdish Workers Party, appear before a European or international court.

Mr. D'Alema said he was "convinced one must find a solution" in which an international court could decide the matter. He said he understood Germany's reasons for declining to seek extradition and that he hoped a solution could be found this year.

Germany had come under mounting pressure to ask for the extradition of the guerrilla leader.

Germany is home to more than 2 million Turks and a half-million Kurds, and Mr. Schroeder said he had to weigh the consequences of an extradition request against potential violence at home.

"With the background of feared disturbances of the peace in Germany, we decided not to do anything," he said.

Mr. Schroeder said that he and Mr. D'Alema agreed to work together to fight "terrorists."

"We are both of the opinion that terrorism has to be prosecuted and punished," he said.

Kurdish groups from all over Germany rallied on the opposite bank of the Rhine from the Chancellery as the two leaders met.



PINOCHET: Blair Insists He Has No Role in Judicial Decision

Continued from Page 1

ciding whether or not to issue the so-called Authority to Proceed but that he would consider counsel in writing. He has made no comment on the matter.

Earlier Friday, the prime minister's office confirmed that neither Mr. Blair nor other cabinet colleagues would be involved in the decision by Mr. Straw, who is acting in a "quasi-judicial" capacity. The spokesman for Mr. Blair said that Mr. Straw "will not be seeking the views of cabinet colleagues," and added: "The prime minister does not expect to be consulted on this at all."

When Mr. Insulza, a one-time opponent of the Chilean dictator, drove off, protesters pressed pictures of victims of the Pinochet regime against the window of his limousine and shouted "Traitor!" after him.

The Times of London reported Friday that General Pinochet was suffering from "stress" and that his attorneys

might try to stop the extradition process by claiming that he is mentally unfit to stand trial. But Michael Caplan, one of the general's lawyers, later sought to discredit the account in court.

After the magistrate, Mr. Parkinson, called on the general to appear Dec. 11, "subject to any medical reports," the lawyer said it would be wrong of him to enter into the debate about his client's health, but added: "I have been concerned about inaccurate reports appearing in the press."

General Pinochet is at Grovelands Priory Hospital in North London recovering from spinal surgery seven weeks ago. His doctors have said he is able to leave the hospital, and he is expected to be moved into a house being rehomed by friends in days.

Mr. Insulza flew to London on Friday amid growing expressions of concern from public figures and businessmen that the Pinochet case could damage British-Chilean relations and trade and

destabilize democracy in Chile. The deputy chairman of the British Chilean Chamber of Commerce in Santiago wrote a letter to The Times published Friday that said the British government should be "pragmatic in its relationships with its trading partners."

He concluded, "The government does not have a mandate to play Robin Hood to the world."

Figures released by the British Chilean Chamber of Commerce based here show that Chile earns nearly twice as much as Britain — \$656 million compared with \$351 million — from trade between the two countries. Britain's main exports are specialized machine parts, propane gas and Scotch whisky, and British investors have shown interest in participating in major privatizations of Chilean utilities like its water companies.

Fears have been expressed about consumer boycotts of British goods in Chile.

VATICAN: The Pope Sets the Tone for the Church's Millennium

Continued from Page 1

with collective penitence. Pope John Paul II asked Catholics to seek forgiveness for past historical errors during the Jubilee. He also asked rich nations to ease or substantially eliminate Third World debt.

And he said that individual sinners would be granted "plenary indulgences," a full pardon as opposed to a partial one. He included personal acts of penitence or local charity work as a way of earning an indulgence, which he described as "one of the constitutive elements of the Jubilee."

The Pope decreed that the Jubilee would begin on Christmas Day 1999 and end on the Feast of the Epiphany, Jan. 6, 2001. Throughout the period, believers will be offered a wider selection of ways to receive a plenary indulgence. They can go the classic route, by attending a Mass in one of several designated churches and performing such devotions as the rosary or the Stations of the Cross; or, an appendix to the Pope's letter explains, they can visit the sick, the imprisoned or the handicapped.

They also can give money to the poor, or can choose an act of private sacrifice. As the appendix, signed by William Cardinal Baum, a top Vatican official, explains: "This would include abstaining for at least one whole day from unnecessary consumption" (e.g. from smoking, or alcohol, or fasting, or practicing abstinence according to the general rules of the church and the norms laid down by the Bishops' Conference). The text points out that sinners must also fulfill the "usual spiritual and sacramental conditions" and say the "usual prayers."

Warning that winning an indulgence required a sincere process of repentance and could not be reduced to an expedient one-day sacrifice, Archbishop Crescenzio Sepe, a top official in the Vatican's committee of the Great Jubilee of 2000, warned: "One could be tempted to think, 'Today I won't smoke or I won't drink wine.' I'll get a plenary indulgence and get to Paradise." That, he said, would be wrong, "that would not be the spirit of an indulgence, that would be off-beam, like returning to the thinking of the Middle Ages."

But the archbishop did not make light

of one-day sacrifices. "It's not so easy for some to give up smoking for a day," he said pensively. "It might be easier to visit a prison inmate."

The Pope's decision to expand the use of indulgences during the millennium celebration is not surprising. In 1985 the Pope revealed his respect for the practice by allowing Roman Catholics to receive indulgences over television. Believers who followed a church service where an indulgence was granted on television or radio, could be included — as long as they fulfilled the same conditions as those actually present, including confession, communion and prayer.

Indulgences, which began in early Christian times, have not always been favorably viewed. In the 16th century, Pope Julius II offered indulgences in exchange for contributions to build St. Peter's Basilica in Rome. Martin Luther protested and was excommunicated in 1521. The church later banned the sale of indulgences, but the Vatican reaffirmed their religious importance at the Council of Trent in 1563. And in 1968 Paul VI elaborated on the subject.

Including indulgences in the 2000 Ju-

bilee "could not be avoided," said the Reverend Jared Wicks, a theologian at Gregorian University in Rome. "Conservative Catholics would find it intolerable that, for ecumenical considerations, the church put into the closet a practice affirmed by the Council of Trent."

The Pope is reaching out to conservatives in the Catholic church.

Continued from Page 1

Nomura International in Hong Kong, added: "Singapore has been much more willing to bite the bullet than Hong Kong. That's a big change."

While Singapore has drawn off old regulations and taken a knife to its high costs, Hong Kong has moved in the opposite direction: intervening to prop up its stock market, imposing a raft of new restrictions on trading and suspending government sales of land to stem the decline in real estate prices.

"We're seeing Hong Kong become more like the Singapore of the past, and Singapore become more like the Hong Kong of the past," said Mac Overton, a portfolio manager at MBF Unit Trust in Hong Kong.

For now at least, Hong Kong has geography on its side. While Hong Kong is the doorstep of China, a vast and still-growing economy, Singapore is "sandwiched between two of Asia's sickest countries, Indonesia and Malaysia. Relations in the neighborhood are fragile in the best of times and have frayed badly under the pressure of the downturn."

Indeed, officials in Singapore said its precarious geography had helped solidify popular support for the government's painful recovery package, which seeks to cut \$6.5 billion in costs out of the economy, mostly through a reduction of 5 percent to 8 percent in wages and even deeper cuts in pension benefits.

[Singapore announced Friday that it would lower the capital adequacy requirements for its banks in an effort to help them compete in the global banking industry, Bloomberg News reported.]

[While Singapore's banks will still have to maintain their capital adequacy ratio at 12 percent — higher than the 8 percent required by the Bank of International Settlements — they will be freed, as of Tuesday, to reduce the Tier 1 capital used to calculate the ratio, said Lee Hsien Loong.]

"One reason Singapore has been so

cohesive for so long is because of the economic and political stress we went through in the 1960s and 1970s," said the younger Lee, who introduced the economic recovery package in Parliament. "When you are very small and you have to struggle for your living, if you don't hang together, you hang separately," he said.

Unlike Hong Kong, Singapore has allowed its currency to drift downward, though not as much as other regional currencies. In August, the Monetary Authority adopted a more flexible exchange-rate policy and the Singapore dollar has since risen along with Asia's other resurgent currencies.

Years before the current crisis, Singapore was eager to stake its claim as Asia's financial mecca. It exploited its convenient time zone to become the world's fourth-largest foreign-exchange market, after London, New York and Tokyo. But it trails Hong Kong in stock trading and asset management.

Now Singapore sees a chance to close the gap. It has opened its government bond market, eased restrictions on foreign brokerage firms and tried to attract asset funds like Templeton by promising low or zero tax rates.

Lee Kuan Yew, who inspired the moves, said in a written response to questions that he was influenced by Hong Kong's success, by discussions with leading bankers and by his membership on the international advisory board of J.P. Morgan & Co., where he witnessed the changing world of global finance.

The Singapore International Monetary Exchange, or Simex, has begun selling index futures contracts that track Hong Kong's benchmark index, the Hang Seng. Simex hopes to win business by offering lower margin requirements for its contracts than the Hong Kong Futures Exchange, which raised its margin requirements in September to thwart speculators.

Investors have welcomed Singapore's foray and many are considering whether to move their business southward. "For the big players, Hong Kong's costs have become punitive," said Bill Kaye, senior managing director of the Pacific Group, an asset management fund in Hong Kong.

Hong Kong hurt its image even more when it threatened to deprive Simex of the real-time data that traders need to calculate the value of the Hang Seng index. Investors were able to get the data on a Web site maintained by Morgan Stanley Dean Witter.

Now officials in Hong Kong say they plan to cut prices to fend off the threat from Singapore.

"Our objective is to maintain Hong Kong as the Manhattan of China," said Randy Gilmore, chief executive of the futures exchange.

"For all of Singapore's moxie, Hong Kong will most likely cling to that mantle for some time. The difference, according to experts, is that Hong Kong's next-door neighbor, mainland China, is stable, growing and friendly, while Singapore's neighbors are shaky, shrinking and potentially hostile."

KOREA: Pyongyang Military Is Losing Its Ability to Invade the South, Pentagon Says

Continued from Page 1

Still, the declining threat of a long-feared invasion reflects how much the military equilibrium on the peninsula has changed.

U.S. military officials have noted signs of declining readiness for some time. The North Korean military has cut back on the training exercises that are essential for maintaining the skills of the personnel who operate its 4,000 tanks and 600 combat aircraft.

U.S. officials believe the North Korean Air Force has reduced training sorties near the DMZ by as much as 75 percent; most of the training that does occur, they

believe, involves routine flights rather than the more elaborate exercises that keep up pilots' fighting edge.

This training has been cut back, in part, because of the lack of imported fuel. In addition, the military wants to avoid unnecessary wear on equipment at a time when spare parts are increasingly short supply.

North Korea is believed to spend more than a quarter of its resources on the military, and it has carefully husbanded food supplies for the troops at a time when thousands of civilians are starving. Nevertheless, U.S. military officers point to

the fact that the North could not effectively break out of the border area, nor carry on the vital job of resupplying its front line forces.

But now Pentagon officials appear to have come to the conclusion that the

North could not effectively break out of the border area, nor carry on the vital job of resupplying its front line forces.

reports that soldiers also have gone hungry, and that this has hurt morale.

"It's getting worse in many ways," the American defense official said.

U.S. and South Korean military officers have usually assumed in their planning that the North's powerful drive might be able to advance for several weeks before the Americans and South Koreans began to push it back.

But now Pentagon officials appear to have come to the conclusion that the

North could not effectively break out of the border area, nor carry on the vital job of resupplying its front line forces.

Continued from Page 1

INTERNATIONAL Herald Tribune

PUBLISHED WITH THE NEW YORK TIMES AND THE WASHINGTON POST

A Foregone Primary Season

President Bill Clinton is not yet halfway through his second term, but many party regulars believe the race for the presidential nominations in the year 2000 is already over, and that only an unexpected political tsunami could keep Vice President Al Gore and Governor George W. Bush of Texas from being the winners. Their positions on the issues and success as campaigners are obviously part of the reason. But another is the tactical importance of an accelerated schedule of presidential primaries, which will require enormous sums of money and name recognition during the first few weeks of the election season.

States have been racing to get their primaries at the front of the calendar to enhance their impact on the nominating process. California and New York will hold their elections on March 7, 2000, as will most of New England. Legislatures in other states, including New Jersey, are considering joining that pack. Eight Western states are planning to hold a "Big Sky" primary the following Saturday. Unless something changes, the nominations will be decided over one long, expensive late-winter week.

This is a recipe for voter alienation — a rush of primaries that are over before the electorate has even begun to think about the presidential race, followed by a seven-month campaign between the two winners.

Front-loading the election season will make the grassroots contest in New Hampshire meaningless, since a dark-horse candidate who wins there would have no chance of surviving the big bicameral primaries two weeks later. But the primary crunch could lead to more reliance on the unrepresentative, easily manipulated straw polls that state parties will begin holding.

—THE NEW YORK TIMES.

Guam's 'Fellow Americans'

President Bill Clinton, returning from Asia, dropped by the American Pacific territory of tiny, distant, lonely and federally voiceless Guam. His visit was a personal contribution to a broader administration effort to tie up loose colonial ends in an island the United States acquired in the Spanish-American War fully 100 years ago.

There may be great political stakes involved in this attempt to ease the political situation of the 145,000 American Guamanians. Still, it deserves to be a matter of concern to Americans that these issues are not being moved more energetically to a satisfactory outcome.

The problem lies in the tension between affording the citizenry full powers of self-government and protecting other American interests, primarily the integrity of the U.S. Constitution. Guam's commission on self-determination has recommended legislation to designate the island as a "commonwealth."

If the United States approved, a Guam commonwealth would transfer important national powers, such as the granting of relief from federal immigration and labor standards, to local control. But these powers simply are not available to territories under the American flag. Despite U.S. government efforts to respond to Guam's aspirations for self-government within the U.S. political family, the commonwealth proposal seems to be stalled.

A plan by Guam to hold a refer-

endum next year on full self-government statuses (free association, independence, statehood) has similarly encountered U.S. disfavor, not least for proposing to limit the vote to the minority of the population drawn from the original Chamorros.

The fact is that since the admission of Alaska and Hawaii as states, the United States has had no coherent policy to deal with the far-flung American territories and their future status. Not only is scant national urgency felt for the task, but the territories also differ among themselves in their aspirations and circumstances.

In Guam the issue of status was considered important enough for Governor Carl Gutierrez to try to make himself more of a player by doing some dubious fund-raising for Mr. Clinton in 1996.

Mr. Clinton needs to continue searching for ways to help Guam and other territories explore status alternatives that can earn popular favor without neglecting American interests or bending the constitution out of shape.

Congress has its own obligation to join the search in a systematic way. Meanwhile, specific problems and grievances can be tended to. For instance, while in Guam, Mr. Clinton promised to expedite release of land no longer needed by the American military for its bases. After all, the people of Guam are, as he said in greeting them, "fellow Americans."

—THE WASHINGTON POST.

Managed Care Redux

The last Congress was distinguished by a number of bills that appeared to have majority or near-majority support but failed. These were mainly Democratic proposals — on managed care, campaign finance and the like — that had attracted enough apparent Republican interest to pass, but that the Republican leadership scuttled on the theory the party would be better off denying the Democrats the victories. The election suggested that theory was wrong. The question is how the new Republican leaders will respond when the Democrats renew the proposals in the next Congress.

Managed-care regulation appears likely to provide an early test. It is simpler than such subjects as campaign finance, it has great resonance with the public, and the bill is fairly well developed. The president and Democratic leaders suggested shortly after the election that it would be first on their list.

For all the tussling over it last year, it

is fairly modest legislation. The goals are to limit how far managed-care organizations can go in denying or refusing to pay for care in their effort to cut costs and to give greater recourse to patients who are turned down. Most of the provisions are fairly conventional consumer protection. A health care plan would have to provide ample information as to costs and what it did and did not cover and about its economic relationships with its providers.

More than one-seventh of the U.S. population now lacks health insurance. The high cost of care is the principal cause. Managed care is the main device American society now employs to contain that cost. Without some form of cost containment, care will become even less accessible. The need is to place controls on the cost-controllers while allowing them to do their job. It's a difficult issue, and the Republican leadership treats it with contempt at its peril.

—THE WASHINGTON POST.

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Russia Needs an Eliot Ness to End Its Crime Wave

By William Safire

WASHINGTON — During the spring primary elections in Chicago in 1928, candidates were machine-gunned and bombs at polling places terrorized voters. Desperate to prevent political violence in the November election, the head of the Crime Commission went to the city's most powerful gangster, Al Capone, to plead for help.

Capone, amused and flattered, delivered. With his cooperation, all known gunmen of his and rival gangs were rounded up on Election Eve. Violence was suspended long enough for peaceful citizens to vote: "not one election fraud," marveled the anti-crime chief at the display of Capone's power.

In Russia today, organized gangs of criminals are gunning down reform candidates, honest officials and journalists. The country is out of the government's control, and nowhere is political crime more violent than in St. Petersburg, heart of Russia's democratic reform.

In the run-up to local elections, Galina Starovoitova, Russia's leading female advocate of democracy, was murdered. Weapons made in America and Italy were left at the scene. Her press aide, also shot, was able to call the police

and is under heavy guard as a witness. Miss Starovoitova's funeral this week brought together the splintered reformers for the first time since the murder last year of St. Petersburg's deputy mayor.

Former Prime Minister Yegor Gaidar stood with the Yabloko Party leader, Grigori Yavlinsky, to hear their one-time ally Anatoli Chubais hurl defiance at the intimidators.

The newspaper *Izvestia* charged that "not one high-profile contract killing has been solved. Nazis, multiplying like plague-ridden rats, encounter no rebuke." Another paper, *Trud*, published a list of unsolved murders beneath the headline: "Under personal control of the president" — deriding Boris Yeltsin's usual assumption of command followed by no action.

The FSB (formerly the KGB) is supposedly investigating. But the oligarch Boris Berezovsky, surrounded by former FSB goons, charged recently that the FSB had ordered his murder; that organization counter-charged that the former goons around Mr. Berezovsky had been involved in contract killings.

Mr. Yeltsin — always dying, never dead — has all but abdicated rule to Yevgeni Primakov. That prime minister cannot be bothered with political crime; he is too busy denouncing America and Britain for daring to threaten Saddam Hussein, and sending new reactors and technicians to help Iran become a nuclear power despite feeble protests by President Bill Clinton. (That's the old spymaster's way of thanking the United States for supplying thousands of tons of free grain to starving Russians this winter.)

How can the United States help the embattled reformers in Russia? Certainly not by pouring more monetary aid down its banking system's drain.

In Washington this week, Vladimir Gusinsky, a media baron supporting democrats in next year's Duma elections, denied that Russia's nouveau riche spirited some \$66 billion out of the country in the last four years. But not even an oligarch thinks an infusion of Western money would fix thearchy in which assassins thrive.

Without condescension, the United States should offer to share with the Russians its experience in combating organized crime. U.S. federal agents and big-city cops know how mafias

corrupt officials, and are wise to the latest computer techniques in moving hot money to foreign fronts. Some police officers even remember how to induce rival gangs to "go to the matress" and destroy each other.

The point to make to those Russian cops struggling to be honest is that only a few generations ago America had to break the underworld triangle of corrupt politicians, thieving financiers and thugs for hire.

The United States learned how to slice through cozy arrangements by using an elite force recruited outside the establishment. In 1929, at the behest of a Chicago publisher, the newly elected president, Herbert Hoover, sent in a team of agents to break up Capone's violent politico-criminal empire.

Eliot Ness of Cleveland headed an incorporeal force of a dozen "untouchables." They nailed Capone not for his murders but on a white-collar charge of federal income tax evasion. He died in jail — "natty as a frigate," as a gangland visitor reported.

What happened in Chicago 70 years ago can happen in St. Petersburg with Russian "untouchables." It begins with presidential will.

—The New York Times.

A Faceless Currency Representing a Virtual Europe

By Régis Debray

PARIS — On Jan. 1, 1999, in Paris, London, Berlin and elsewhere, the European currencies will become subdivisions of one unique currency, the euro. After Jan. 1, 2002, Europe will be left with only seven banknotes of 500, 200, 100, 50, 20, 10, and 5 euros, respectively. There will also be eight coins denominated in "cents," a curious Americanism, indeed, because in all Romance languages or those with Latin roots, "cent" means "hundred" but not "one hundredth."

What do we see on our future banknotes whose test prints have just been unveiled? On the front, a window, and on the back, a bridge.

Windows and portals symbolize the spirit of openness. Bridges convey the idea of communication. The 5-euro note depicts an antique bay and an aqueduct, 10 euros a Roman portal and a stone bridge and on the 200-euro bill shows a glass door and a viaduct.

There is no image of even a single human being, not even a silhouette on these bridges suspended between heaven and earth as phantom-like apparitions.

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Mr. Yeltsin — always dying, never dead — has all but abdicated rule to Yevgeni Primakov. That prime minister cannot be bothered with political crime; he is too busy denouncing America and Britain for daring to threaten Saddam Hussein, and sending new reactors and technicians to help Iran become a nuclear power despite feeble protests by President Bill Clinton. (That's the old spymaster's way of thanking the United States for supplying thousands of tons of free grain to starving Russians this winter.)

How can the United States help the embattled reformers in Russia? Certainly not by pouring more monetary aid down its banking system's drain.

In Washington this week, Vladimir Gusinsky, a media baron supporting democrats in next year's Duma elections, denied that Russia's nouveau riche spirited some \$66 billion out of the country in the last four years. But not even an oligarch thinks an infusion of Western money would fix thearchy in which assassins thrive.

Without condescension, the United States should offer to share with the Russians its experience in combating organized crime. U.S. federal agents and big-city cops know how mafias

the legislative, and its mine-feathered tail the judiciary. In its right claw, the eagle holds the olive branch. In its left,



Armed Israeli soldiers escorting Jewish settlers Friday in Hebron. Palestinians stoned settlers and soldiers after settlers blocked Palestinian motorists from using a road and then marched into the Palestinian sector.

Israel Grapples With Lebanon Role

Killings Prompt Netanyahu to Issue Warning and End Trip Abroad

By Deborah Sontag
New York Times Service

JERUSALEM — Prime Minister Benjamin Netanyahu cut short a trip abroad on Friday to return home to reconsider the Israeli Army's longstanding occupation of southern Lebanon.

Seven Israeli soldiers have been killed there in the last week and a half.

While there is a cyclical nature to the Israeli debate on Lebanon policy, the state of recent casualties has again stepped up pressure on the government to contemplate a unilateral withdrawal of its troops from southern Lebanon after 20 years there.

After fierce fighting Thursday between Israeli soldiers and Iranian-backed Hezbollah guerrillas, two young soldiers were killed that night when a roadside bomb hit their armored vehicle.

Mr. Netanyahu, who was in London, canceled a weekend trip to Spain, issuing fighting words.

"We are now under murderous attack by Hezbollah, who are attempting to shock us into leaving Lebanon without fulfilling our purpose there," he said. "Our soldiers are heroically standing up

to the attack, and I say that we will not put our tail between our legs and leave."

Nonetheless, Mr. Netanyahu added that he was willing to consider a proposal from Foreign Minister Ariel Sharon that some have found surprising. The hawkish Mr. Sharon, who as defense minister led the ill-fated Lebanon war, now sides with Israeli doves. He favors a withdrawal of troops, although he suggests a gradual one, accompanied by a threat of harsh retaliation for any incursions into northern Israel.

In Beersheba, thousands poured into the military cemetery for the funeral of Eyal Cohen, 20, hours after he was killed Thursday night. Hundreds of soldiers came directly from the Lebanese front, backpacks and machine guns slung over their shoulder. Mourners built a hill of flower bouquets, still covered in cellophane, atop the fresh grave.

The soldier's brother-in-law, himself a former fighter in Lebanon, delivered the eulogy.

"The river of Lebanon is soaked with blood," he said. "The government has to decide whether it crosses to the river bank of peace or the river bank of war."

With each year that the low-level war

in southern Lebanon has continued, the Israeli public has grown less tolerant of the occupation. A poll in the Ma'ariv newspaper Friday showed 40 percent support for a unilateral withdrawal from Lebanon, up from 22 percent in March, and 16 percent in February 1997. The poll was taken on Wednesday, after three of the seven had been killed.

The seven deaths bring to 22 the number of Israeli soldiers killed in Lebanon this year. Last year, 39 were killed, an uptick after several years averaging 25 deaths. Israeli Army officials were hoping to keep the toll low this year to relieve pressure that has built for withdrawal.

"Politicians have told us in meetings that 20 soldiers a year is not a high price to pay," said Shlomo Kantor, 28, who protested Friday in front of the Defense Ministry in Tel Aviv.

About 2,200 Israeli troops are stationed in a self-declared security zone in southern Lebanon to fight a guerrilla war waged by Hezbollah. Israeli opponents argue that at this point it is the Israeli Defense Force's presence itself that sustains the bloodshed.

The conflict began in the 1970s when the Palestine Liberation Organization, now based in Gaza, was exiled in southern Lebanon, staging incursions on Israel with assistance from Hezbollah and others. In 1982, Israeli troops, under Mr. Sharon, marched over the border almost all the way to Beirut and shelled Palestinian refugee camps and military installations. They drew international condemnation, but chased the Palestinians into Tunisia. The Israelis eventually withdrew into a southern band of Lebanon, focused on preventing Hezbollah from settling in northern Israel.

Ever since, they have maintained a presence there, even after the settlers in northern Israel, tired of the conflict, began to favor their withdrawal. The military opposes any move.

"Any one who is looking for easy solutions should remember that there are no magical ones," the Israeli Army chief of staff, Shaul Mofaz, said Friday. "So long as we are in the security zone and fighting against the Hezbollah, there will be a price. But any other alternative seems to us to be worse, more dangerous and likely to increase the number of soldiers and civilians in the north who get hurt."

It is unclear whether Mr. Netanyahu, in meetings that are to continue Sunday, will push hard beyond a reconsideration of military tactics to rethink his Lebanon policy. In the past, he has said that a withdrawal from Lebanon must be based on a some kind of an agreement with Syria, through whose borders the weapons flow to Hezbollah.

Syria is opposed to a unilateral Israeli withdrawal because it wants to use its control of Lebanon — and of Hezbollah's battle — to force Israel into negotiations over the return of the Golan Heights.

Montenegro Cuts the Ties That Bind

Step by Step, It Rebuffs Belgrade for an Independent Course

By R. Jeffrey Smith
Washington Post Service

PODGORICA, Yugoslavia A bit like jabbing a bear with a small stick, political reformers in Montenegro continue to find ways to irritate the leaders of Serbia, in recent weeks by printing newspapers and magazines banned by the Serbian authorities and smuggling them under cover of darkness to Belgrade by bus, train and plane.

The smuggling is the latest episode in a growing confrontation between Montenegro and Serbia, its larger and more powerful neighbor to the north. After decades of close relations, the governments of the two remaining republics in the federation of Yugoslavia are sharply at odds over a range of social, economic and political policies, and, according to some senior Montenegrin officials, are headed for an eventual split.

Already, Montenegro has halved its transfer of tax revenue to the federal government, which it claims has not been legally constituted since May. During the conflict this summer in Kosovo, a province in southern Serbia, senior Montenegrin officials publicly encouraged teenagers from reporting for the Yugoslav military draft. In recent weeks, the government announced plans to open its own "mission" offices in five foreign capitals, including Washington, and is considering establishing a separate Montenegrin currency.

The Montenegrin president, Milo Djukanovic, has become one of the fiercest critics of the Yugoslav president, Slobodan Milosevic, having denounced his refusal to grant autonomy to Kosovo's ethnic Albanian majority and accused him of stifling freedom and economic reform. Some of his top ministers predict that Montenegro eventually will be forced to declare independence, a move that almost certainly would provoke a similar declaration by the Kosovo Albanians and threaten another Balkan war.

"The divergence is something that you can feel, and it has a direct influence on the stability and survival of the country," said Mr. Djukanovic, 36, who took office in January and has won U.S. and West European support for his democratic reforms. Although he said that Montenegro was not in a hurry to "get out of Yugoslavia," he noted that what Mr. Milosevic "is doing" would lead to Montenegro's "disappearance."

With a declining economy largely based on the smuggling of foreign goods and a crushing financial burden from tens of thousands of refugees from neighboring Kosovo, Montenegrin leaders are desperate to improve living conditions by escaping from the international economic sanctions strangling Yugoslavia. Their strategy has been to cut the cords that tie them to Serbia in areas where they conclude that the federal government has failed to function or has "endangered us," as Mr. Djukanovic says.

The struggle is not between two equals. Montenegro has an estimated population of 650,000, one-third that of the city of Belgrade, capital of both Serbia and Yugoslavia, while its territory is one-twentieth the size of Serbia. But the government in Podgorica already has taken over the tasks of licensing mass media, levying customs duties and approving imports and exports from its territory. A new criminal code that rescinds many federal penalties is expected to be approved by the republic's Parliament within months.

In addition, Montenegro has diverted \$1 million in federal taxes to fund its pensions because Belgrade has not made payments for the past four months. It has begun to negotiate its own trade deals with the West, having won permission to tap international loan funds under a partial exemption from the sanctions that was brokered with U.S. help. It has licensed a radio station banned in Belgrade to begin transmitting into Serbia from Lovcen, a town on the republic's border.

"Day by day, there are fewer and fewer links with the federal administration," said Branko Perovic, who heads a 30-person Foreign Ministry in Montenegro. "Only monetary and military links remain. There is nothing else."

Mr. Milosevic and his handpicked prime minister, Momir Bulatovic, a Montenegrin opposition leader, have branded Mr. Djukanovic a traitor and



accused his government of trying to encourage the breakup of Yugoslavia. When NATO air strikes against Serbia over its Kosovo crackdown loomed in October, they threatened to impose a national state of emergency that would have seriously undermined Mr. Djukanovic's authority.

Last week, in a bid to reassert its jurisdiction over the media, Serbia levied a \$300,000 fine against the publisher of Monitor, a Montenegrin magazine that illustrated an article about Serbia with an advertisement by a student group calling for national resistance. Montenegrin officials have said the fine will not be enforced.

Mindful of the historical affection that many Montenegrins retain for the Yugoslav federation, Mr. Djukanovic and his ministers have cast themselves as supporters of a reformed Yugoslavia, not of its further breakup. Like the Serbs, Montenegrins are mostly Slavic and share the same Eastern Orthodox faith, but the republic also includes a minority population of Muslims and Albanians.

A referendum held in the early 1990s, when other Yugoslav republics voted to secede from the federation, showed overwhelming support for continued union. But a poll taken several weeks ago found the population deeply divided,



Milo Djukanovic and his wife, Lidija, voting in the 1997 presidential elections that put him in office. He is increasingly at odds with Belgrade.

with about 30 percent favoring each side and the remainder undecided or uninterested. Mr. Djukanovic said independence must be supported by two-thirds of the populace to prevent such a move from causing social unrest.

Some Montenegrins have said Mr. Djukanovic's government still is not democratic enough.

Milka Tadic, editor of Monitor, said that "a couple of years ago, the people who were against the regime" in Belgrade

were really on the margins of society, not at the center of power. But while the government's leadership has changed, she added, "the nomenklatura has not." Miss Tadic and others are critical of the government's refusal to divest control of the most widely read newspaper and its radio and television stations, and its decision to sell off, without a public bidding process, an aluminum plant that provides half of the country's legitimate income.

NATO: Europeans Oppose Broader Alliance Role

Continued from Page 1

need a modicum of flexibility," a NATO diplomat said. "A Security Council mandate is highly desirable, but we should not tie our hands in advance."

During the Kosovo crisis, despite Russian opposition and the absence of a specific Security Council mandate, NATO authorized possible military action against Serbia. American officials, including Richard Holbrooke, said this decision amounted to an important precedent, but European officials generally argued that none had been set.

Joschka Fischer, Germany's Green foreign minister, is among those who have argued passionately that the rule of law would be threatened and competing regional security blocs encouraged if NATO arrogates to itself even the limited right to act without explicit Security Council mandates.

"We are looking at language that would say something like NATO will act under the authority of the United Nations, with an appropriate legal basis and, as far as possible, a UN Security Council resolution," an official said. "But this is a difficult issue that is certain to involve painful discussions."

The U.S. strategy report emphasized that Washington was committed to "comprehensive engagement" with China, and that the two countries shared many common global and regional interests.

But it said that China's rise as a major power presented an array of potential challenges.

"Many of China's neighbors are closely monitoring China's growing defense expenditures and modernization of the People's Liberation Army, including development and acquisition of advanced fighter aircraft and programs to develop mobile ballistic missile systems, land-attack and anti-ship cruise missiles, advanced surface-to-air missiles, and a range of power projection platforms," the report said.

But General Chi said Beijing had "strictly controlled" its defense budget for many years so that the government could give priority to economic development.

As a result, he said the Chinese military budget for 1998 amounted to just under \$1 billion, with only one-third of it being spent on weapons and equipment. By contrast, he added, the U.S. defense budget in 1998 was \$255 billion, while Japan set aside \$42 billion.

Western diplomats on Friday sought to play down the notion of a looming clash of strategic interests between China and the United States in Asia, saying that some Chinese officials privately acknowledged that the country's economic modernization had benefited from the stable regional environment that U.S. alliances and military cooperation agreements in the region had promoted.

The diplomats noted, for example, that General Chi was on a four-day official visit to Singapore, which allows U.S. warships and aircraft to make regular use of its bases for refueling, replenishment and exercises.

The U.S. Navy also makes from 60 to 80 port calls annually to Hong Kong, and this program has continued uninterrupted since China resumed sovereignty over the former British colony in July 1997.

Other difficulties center on a program again put forth by the United States and known as NATO's "Defense Capability Initiative."

This program is designed to take full, if somewhat belated, account of the Cold War's end by pushing through a radical transformation described this month by Secretary of Defense William Cohen as one from "fixed, positional defense" to a flexible, mobile defense."

In essence, the United States wants to be sure that NATO can now project power, if necessary far afield, engage it effectively, sustain it over long periods and maintain it even against chemical, biological or electronic attack.

"We need advanced, mobile communications, helicopters, lift, and sustainability," an official said. "But a lot of armies in Europe, including the German, are still configured for a European land war with tanks so heavy you can't move them."

While European governments broadly agree that the need for these changes has been demonstrated by missions like the one in Bosnia, they are concerned by the high cost. Their budgets are strictly curtailed by European Union agreements. They also fear that the program may be a thinly veiled invitation to buy weapons and equipment in America.

Encouraged by the British government, the EU is now looking at ways to make its sprawling defense industry more cost-effective. Annual European defense spending is two-thirds that of the United States, but the real yield is only one-third of the American level because of duplications.

Reform is likely to be slow, however, and any American quest for budgetary commitments, like the 3 percent annual increase in defense spending pledged by European governments during the Carter years, would certainly fall on deaf ears.

While the first post-Cold War flush of Europe's ambitions to develop its own defense arm has eroded, and a broad accord exists that "separable but not separate" European units should develop within NATO, some tensions persist over what should be said about Europe's defense identity in the new alliance doctrine.

A NATO "extraction force" manned entirely by Europeans and under a French commander, but dependent on American intelligence and logistics, is about to deploy in Macedonia to help protect Western monitors in Kosovo. This European deployment amounts to a first for NATO.

NATO diplomats said the French government appeared to want to give priority for statements on this mission and Europe's defense future to a European Union summit conference in Cologne that follows the Washington meeting. But the United States was adamant that the issue be addressed primarily in Washington.

One issue on which there appears to be broad agreement is that there should be a period of consolidation after the formal admission to NATO of Poland, Hungary and the Czech Republic at the summit talks. It is highly unlikely that further, specific invitations to join will be issued in April, alliance officials said.

Such a decision, however couched, is almost certain to anger several candidates for membership, including Romania and Bulgaria.

On the question of NATO's nuclear forces, it also appears clear that consolidation rather than innovative change will prevail. While the broad aim of balanced nuclear disarmament exists, a majority of allies regard the nuclear threat, including its potential first use, as central to security. Already, Germany has had to swallow its misgivings.

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ART

The Muse Of Rome *A Belated Tribute To 'Miss Angel'*

By David Galloway

DUSSELDORF — No fewer than 50 priests and 50 Capuchin monks celebrated her funeral on Nov. 7, 1807, in a "choreograph," devised by the sculptor Antonio Canova. Mourners overflowed Rome's Church of Sant' Andrea delle Fratte, bidding farewell to the Muse of Rome with an ardor reserved in our own time for pop stars and princesses.

Not only was Angelika Kauffmann the most famous woman painter of her time, but poets and philosophers, including Goethe, hailed her as the most cultivated woman in all of Europe.

For nearly two centuries, Kauffmann's name — frequently misspelled — has appeared more often in relation to liberated, independent women of the Enlightenment than in the context of serious, innovative artists. Though her works, which include portraits as well as historical and mythological scenarios, hang in major museums in Europe and the United States, they have never been the subject of a full-scale retrospective. That oversight is now being sumptuously corrected by the Dusseldorf Kunstmuseum with a presentation of 120 paintings, 70 drawings and 30 engravings. After it closes in Dusseldorf on Jan. 24, the show moves on to the Haus der Kunst in Munich and the Bunder Kunstmuseum in Chur, Switzerland.

It was in Chur that Angelika Kauffmann was born in 1741 as the only child of a second-rate artist father and a mother with musical ambitions for her daughter. Her skills as a harpsichordist, singer and painter manifested themselves at such an early age that she was presented as a wonderkind, much like Mozart, at all the major European courts. At the age of 12, she executed a mannered but technically refined self-portrait and, presumably on the strength of this precocious work, received her first portrait commission from the Archbishop of Coria.

Kauffmann perfected her skills by copying masterworks in Italian museums, but even before her 16th birthday was in demand as a portraitist among clergy and nobility. Nonetheless, she was still tempted by a singing career and might have pursued it had her mother not died suddenly in Milan in 1757. Just how traumatic the career choice proved is revealed by a self-portrait created nearly half a century later, in which a young, ethereally beautiful Angelika Kauffmann stands bewildered between the muses of painting and music.

Kauffmann's reputation spread rapidly throughout Europe, since travelers on the grand tour frequently gave her commissions, and she soon added historical tableaux to her repertoire. The



Angelika Kauffmann self-portrait of 1792, at the peak of her fame.

Russian czar, the Austrian emperor and the king of Poland all placed orders as did England's royal family. Indeed, so close were the ties the young painter had made with English travelers that she decided to move her studio to London in 1766. There she was befriended by Sir Joshua Reynolds, the most celebrated English portraitist of the day.

"Miss Angel," as she was popularly known, was soon the toast of London, which one contemporary observer described as no less than "angelicam." Indeed, even today her works are sometimes attributed to "Angelica Kauffman, English."

Three years after her arrival in London, the visitor became a founding member of the Royal Academy. In group studies of the academicians, however, she and the only other female member, Mary Moser, appear only as portraits hung on the wall of the Academy's airy studio, for the women could not appear in the group gathered around a nude male model.

The exclusion from life drawing is often cited as a reason for the presumably clumsy treatment of anatomy in the works of women artists of the past. Yet Kauffmann not only pursued the usual substitutes of classical statuary and plaster casts but drew nude male models in her own atelier, under the watchful eyes of her father.

At the age of 26, Miss Angel secretly married one "Count Frederick de Horn," who was soon revealed as an impostor and fortune hunter. Less than three months later,

the marriage was annulled. The artist would eventually marry a Venetian landscape painter of modest skills who took over the organization of her studio and business affairs. Later they settled in Rome, which was Kauffmann's true spiritual home, and where her salon was unrivaled.

THE popularity of her work, reproduced in engravings and through the technique known as "mechanical painting," was immense, as a separate exhibition at Dusseldorf's Hetjens Museum documents. How, the visitor wonders, could such an omnipresent figure slide so quickly into obscurity? First of all, her work was scattered through palaces, country houses and churches throughout Europe. Secondly, changing tastes made her historical and allegorical compositions seem affectedly "academic." Thanks to the Dusseldorf retrospective, which has been assembled with a rare mixture of passionate commitment and scholarly precision, one can now appraise the painter's true accomplishments.

She emerges as a brilliant draftsman, a painstaking technician and a highly original colorist. Brilliant azure blues, bright ochers and velvety reds unfold a voluptuous painterly ambience that few of Miss Angel's male colleagues could begin to approach.

David Galloway is an art critic and free-lance curator based in Wuppertal, Germany.

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Homage to Venice, in Glass

By Roderick Conway Morris
International Herald Tribune

VENICE — To reveal the secrets of Venetian glassmaking was once a capital crime, and a master who might be tempted to leave the island of Murano to sell his know-how abroad had to send assassins in pursuit of him.

But more than anything else it was probably the mixture of craft pride, sophisticated workshop organization and the exceptional stuns and privileges granted to Murano masters that guaranteed Venice's centuries-long monopoly of the production of the finest glass.

Today, Venetian techniques are used all over the world, and ever more, so with the rapid rise of glass as a self-consciously artistic rather than a primarily decorative medium — as is expansively demonstrated by the Apero Vetro (Open Glass) International New Glass exhibition of Venice's second art glass biennial (which continues until Jan. 16).

The theme this year is "Homage to Venice" and the nearly 130 artists on display at the Doges' Palace, the Fortuny Museum, the State Institute of Art, the Centro Studio Vetro on Murano and private galleries around town, highlight a global scene in which Venetian glassmaking methods have been to a great extent mastered by practitioners of many nationalities and are being applied to myriad forms of conception and design.

This would not have been possible had not genorous-spirited glass masters like Lino Tagliapietra — who are regarded as "traitors" by a minority of diehards on Murano — been prepared to travel outside Venice to teach the mysteries of the craft. And equally, these precious lessons would have been to little avail had there not been a sharp among aspiring young foreign glass artists away from contemporary notions that self-expression was everything and manual skills irrelevant.

American glass artists were among the first to profit from direct contact with the Venetians, but the experience has also produced dramatic results elsewhere. The Glass Workshop started by the German-born Klaus Moje at the Canberra School of Art in Australia as recently as 1982 had been a resounding success, for which the State Institute of Art (in the cloisters by the Camini Church) this year provides a showcase. But the constant juxtaposition of

Venetian-made and foreign pieces in the exhibitions is proof that the benefits of Murano's emergence from isolation have been mutual, and in some quarters glassmaking in Venice, too, has been undergoing a quiet revolution.

When the Japanese Yoichi Ohira came to the island 25 years ago the dooms of many workshops were barred to him

as many of them were

carved "Hidden Surfaces," which look

as light and fragile as paper lanterns, but

are in reality solid and extremely heavy,

and Cesare Toffolo's improbable gold

"Balloons," hanging in mid-air seemingly

tethered to the ground by chains.

Not that the younger generations

have an exclusive claim on striking in-

dividuality. Minos, were for long

among Murano's most sought-after

products and Riccardo Licata, now in

ART

Bonvin, the Odd Man Out

Exhibition Redisovers a 19th-Century Master

By Souren Melikian
International Herald Tribune

PARIS — It never helps to be the odd one out in art history. This may be why it took François Bonvin 111 years to receive a posthumous homage in his hometown, Paris, in the form of a retrospective. Rediscovery might be a better word. Of the 100 paintings and drawings on view at the Galerie Beres, two-thirds were hitherto unrecorded.

As visitors gaze at these studies in human solitude or at the still lifes painted in minimalist manner, which never seem to relate to anything else in the 19th century, many will wonder

what secret allowed this painter they knew little or nothing about to operate in such total independence.

The Balzacian story of his childhood told in the catalogue, which adds a considerable amount to the information gathered in Gabriel Weiszberg's groundbreaking monograph of 1979, partly answers the question.

His father came from the poorest layer of French pre-Revolutionary, the landless farm laborers. Having fought for 11 years as a private in Napoleon's campaigns, he came out a nervous wreck and in 1817 married a young seamstress, frail and unstable. She died of tuberculosis four years after the birth of François, who would be

forever haunted by the glorified memory of a fairylike mother.

Working long hours, the father at first left his son in the care of an old woman who did not feed him properly. For his child's sake as much as his own, Bonvin married another seamstress. For François, things went from bad to worse. While he got on well with those of his nine half-brothers and sisters who lived beyond infancy, he was loathed by his stepmother who undernourished and ill-treated him. In one incident, she threw a kitchen knife at him, landing him in a hospital.

With no money at home, François was able to attend school only intermittently and struggled to catch snippets of learning wherever possible, if only from neighbors. The boy was 11 when he had his first stroke of luck. A clerk in a town hall where his father had a job saw one of the drawings François did to amuse his young half-brothers when he looked after them and promised to pay for the expense of attending a drawing school. For two blissful years young François received his first professional training.

It came to an abrupt end when the father, unable to make ends meet, apprenticed him to a printer. For several years, the boy worked as a typesetter and tried to keep up drawing after work.

Luck smiled a second time. François, by now a young man, landed a job at the Paris police headquarters, had an accident that sent him to the hospital yet again, and there a famous surgeon doing his rounds noticed the sketches he was doing when able to sit up in bed.

The surgeon recommended Bonvin to one of his bosses. His workload eased up a bit, leaving him more time to draw. Then a senior policeman interested in the arts introduced him to a celebrity, the painter François-Marie Granet, who was curator of paintings at the Royal Museum, i.e. the Louvre. Granet gave him precious advice. Bonvin knew he would become an artist for good.

Another crucial encounter, with Courbet, the champion of naturalism, deterred him from any temptation he might have felt to go along with the Romantic school and its melodramatic excesses typified by Delacroix, or neoclassicism bogged down in stereotypes.

The earliest phase of Bonvin's artistic development eludes us. How he came to paint in 1846 two small landscapes, of which one is more advanced than anything Impressionism would



One of two landscapes in oils done in 1846 by François Bonvin.

produce later, is intriguing — and no less so for the fact that this, apparently, remained a parenthesis in his oeuvre.

He rarely returned to landscape painting and when he did, it was in a very different manner.

Bonvin turned his attention to his fellow humans, young children, often solitary and struggling to keep their composure while in distress, and working-class women in their daily pursuits — the world of his childhood.

Among the masterpieces previously unknown, a sketch in oils dated 1847 shows a little girl seated, steady a bowl of soup on her apron. She is the image of cold poverty, retreating into a corner. A touch of the Le Nain brothers' influence may be detected, and yet this is different. There is no background, no context. It is as much a figure from a parable as reality observed.

A year later, Bonvin chose another manner when portraying a young boy in a Louis Philippe armchair. The neatly dressed sinner belongs to the establishment, but his expression is one of repressed distress. His intense blue eyes stare at the viewer and his lips are pressed tightly. One hand, crossed over the other, hangs limply and looks shriveled. Infirmité is suggested rather than depicted. In its miniature size, this

is one of the great French portraits of the mid-19th century.

Wielding his pen laden with ink on Aug. 30, 1849, Bonvin, with astonishing versatility, resorted to yet another manner — incisive and quietly tragic.

The head of a young woman in profile, bent forward, with a shadow over her eyes, is set against a circular crisscross, like some halo of suffering. The somber mood is reminiscent of Rembrandt.

Intervals, the painter had his lighter moments. He must have taken great pleasure in sketching a toddler ensconced in his baby chair, his cheeks puffed out in an effort at concentration. The child awkwardly rattles his knife over an apple too big for his fingers in a futile attempt at cutting it.

Schoolboys riveted Bonvin, as if the memory of those years when he tried to pick up crumbs of learning came back to haunt him.

Around 1860, he painted two young boys absorbed in the perusal of an enormous 17th-century book. One is seated on a low stool with the open volume jammed between his knees while the other stands by, looking down at the pages. Two books laid open on the floor give the key to the scene — they must be

scribbling some Latin text. No indication is given of architectural space. This is an icon, as timeless as ever, on the theme of learning.

The painter handled still life, his other passion, with the same aesthetic restraint. One of his early essays from 1852 shows a copper basin with a white kitchen towel thrown over the rim and the handle of a ladle that sticks out. There is no furniture, not even the suggestion of a wall.

Ten years later, when painting a basket with apples and a bunch of grapes that gleam in the dark, Bonvin again cast aside any idea of a background — the basket sits on an ill-defined dark surface with a sheen. If Courbet's realism is descriptive and often bombastic, Bonvin's is quintessential and understated.

The painter stands as clearly apart in his handling of still lifes as he does with his gallery of portraits. It is as if Bonvin had carried over the hermetic loneliness of his childhood, impervious to the world, into his art. To survive as a child, he erected psychological barriers around himself. The artist retained them in a rare case of creation in quasi-isolation.

"François Bonvin (1817-1887)." Galerie Beres, 25 Quai Voltaire, until Jan. 10.

Portrait of a young boy from 1848; infirmity is suggested rather than depicted.

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NYSE

Friday's 1 P.M. Close
The 2,600 most traded stocks of the day.
Nonfollowwide prices not reflecting late trades elsewhere.
The Associated Press.

12 Month
High Low Stock Div Yld PE 100% High Low/Lated Chgs

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الإذاعة والتلفزيون

Herald Tribune
BUSINESS/FINANCE

SATURDAY-SUNDAY, NOVEMBER 28-29, 1998

PAGE 11

Recession Deepens in Hong Kong

GDP Shrinks at 7% Rate, Sharpest Drop on Record

By Mark Landler
New York Times Service

HONG KONG — In the worst performance since it began keeping records nearly four decades ago, Hong Kong said Friday that its economy shrank by an estimated 7 percent annual rate in the third quarter.

But officials here said that the region's downturn might be at its low point, citing forecasts by the World Bank and the International Monetary Fund that economic output would rebound in the second half of 1999.

The Hong Kong economy has been shrinking at an accelerating rate since the first quarter, as the Asian financial crisis pummeled retail sales, exports, tourism and domestic consumption.

"These are quite depressing figures," said Sir Donald Tsang, the financial secretary of Hong Kong.

But Sir Donald expressed guarded optimism, saying that the government expected a full-year decline of 5 percent in the economy, implying that gross domestic product would decline by less than a 7 percent rate in the next quarter.

"We have to go through what I call a psychological barrier," said Sir Donald, noting that Hong Kong probably faces two more quarters of negative performance before the tide finally turns.

Despite the numbers, the Hong Kong stock market barely wavered Friday, with the benchmark Hang Seng index edging down 36.81 points, or 0.3 percent, to close at 10,732. Investors disregarded Hong Kong's fundamentals, preferring to focus on recent cuts in interest rates here and in the United States, which they believe will reignite consumer demand.

"Yesterday we had a historic low in export figures and the market went up; today we had a historic low in economic output, and the market barely moved," said Dong Tao, senior regional economist at Credit Suisse First Boston in Hong Kong. "The market is simply ignoring all the bad news."

Real estate prices have rebounded even more dramatically than the stock market. An index that tracks the shares of leading property developers rose 9.7 percent in the last two months, the sharpest increase ever in a two-month period, according to a report by Morgan Stanley Dean Witter.

Experts are divided on what the disparity between the markets and the underlying economy means. Some say the improved sentiment will lift the economy, as Hong Kong has always been fueled by intangible factors like consumer confidence. Others say the rising property and share prices merely delay what will be a painful and unavoidable economic adjustment.

"Hong Kong is on a placebo therapy," Mr. Tao said. "The improved sentiment is a good thing. But placebos are just sugar pills. They cannot really cure the disease in a fundamental way."

More pessimistic observers said the buoyant markets would allow Hong Kong to avoid reducing its costs, which are the highest in Asia and put it at a competitive disadvantage. Singapore, which is vying with Hong Kong to be the financial hub of East Asia, adopted a package of wage and pension reductions this week that will cut \$6.5 billion in costs out of its economy.

"The recovery in Hong Kong will be the slowest in the region simply because the price levels haven't fully adjusted," said Marc Faber, chairman of Marc Faber Ltd., a Hong Kong investment advisory firm. He said the region's high costs were already hurting in areas like shipping. He noted that container traffic in Shenzhen, a mainland city across the border from Hong Kong, had grown 90 percent so far this year, while traffic in Hong Kong's port rose only marginally.

Beyond cutting costs, analysts said there was little Hong Kong could do to hasten its recovery. With an economy heavily reliant on trade, they said Hong Kong's future depended very much on the health of its trading partners, primarily China, the United States and Japan.

CURRENCY & INTEREST RATES

Cross Rates									
Australia	1.35	1.35	1.35	1.35	1.35	1.35	1.35	1.35	1.35
Austria	1.334	1.3274	1.3224	1.3207	1.3207	1.3207	1.3207	1.3207	1.3207
Belgium	1.308	1.302	1.302	1.302	1.302	1.302	1.302	1.302	1.302
Canada	1.308	1.302	1.302	1.302	1.302	1.302	1.302	1.302	1.302
Denmark	1.308	1.302	1.302	1.302	1.302	1.302	1.302	1.302	1.302
Finland	1.308	1.302	1.302	1.302	1.302	1.302	1.302	1.302	1.302
France	1.308	1.302	1.302	1.302	1.302	1.302	1.302	1.302	1.302
Germany	1.308	1.302	1.302	1.302	1.302	1.302	1.302	1.302	1.302
Iceland	1.308	1.302	1.302	1.302	1.302	1.302	1.302	1.302	1.302
Ireland	1.308	1.302	1.302	1.302	1.302	1.302	1.302	1.302	1.302
Italy	1.308	1.302	1.302	1.302	1.302	1.302	1.302	1.302	1.302
Japan	1.308	1.302	1.302	1.302	1.302	1.302	1.302	1.302	1.302
Malta	1.308	1.302	1.302	1.302	1.302	1.302	1.302	1.302	1.302
Netherlands	1.308	1.302	1.302	1.302	1.302	1.302	1.302	1.302	1.302
Norway	1.308	1.302	1.302	1.302	1.302	1.302	1.302	1.302	1.302
Portugal	1.308	1.302	1.302	1.302	1.302	1.302	1.302	1.302	1.302
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United Kingdom	1.308	1.302	1.302	1.302	1.302	1.302	1.302	1.302	1.302
United States	1.308	1.302	1.302	1.302	1.302	1.302	1.302	1.302	1.302
Yugoslavia	1.308	1.302	1.302	1.302	1.302	1.302	1.302	1.302	1.302

Currencies: London, Milan, Paris, Paris and Zurich, dollars in other currencies: New York rates.

Chains in Australia, London, Milan, Paris, Paris and Zurich, dollars in other currencies: New York rates.

4:30 P.M. and 7:00 a.m. London, 7:00 a.m. Paris, 7:00 a.m. New York.

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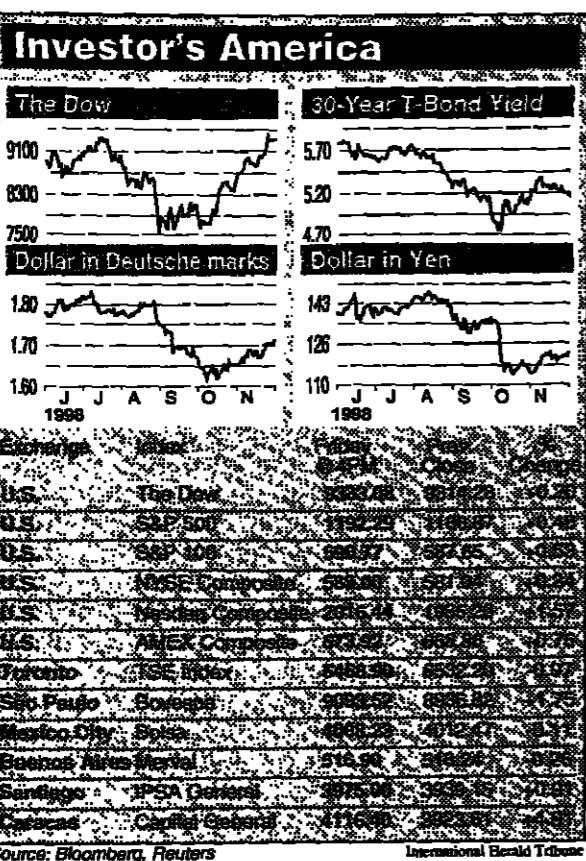
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THE AMERICAS



Miyazawa And Data Sink Yen

Compiled by Our Staff From Dispatches

NEW YORK — The dollar rose strongly against the yen Friday after Japan released data that showed the country remained mired in a severe economic slump even as its finance minister said he would resign by the year-end.

"The Japanese economy is still

FOREIGN EXCHANGE

pretty sluggish and showing no signs of recovery," said Kousuke Hanzo, head of currency trading at Industrial Bank of Japan. "Basically speaking, there's no reason to buy the Japanese yen."

Japan reported Friday that its unemployment rate remained at a post-war record of 4.3 percent in October and that retail sales in October fell for the sixth month in a row.

Meanwhile, Finance Minister Kiichi Miyazawa said he would resign by the end of the year after compiling the 1999 budget. That stirred investor uncertainty about the stability of the government.

"With Miyazawa leaving, it's not very clear that they have a government in place or a coherent policy to try and address their problems," said John Praveen, global market strategist at Credit Suisse Asset Management.

At 4 P.M., the dollar was at 123.040 up from 121.705 on Wednesday. U.S. markets were closed Thursday for the Thanksgiving holiday.

The dollar also rose strongly against European currencies after Wim Duisenberg, president of the new European Central Bank, suggested he might be willing to lower interest rates.

The new bank will replace the Bundesbank as the de facto rate-setter for the 11 countries adopting a single currency Jan. 1. The Frankfurt-based bank will get its first opportunity to cut rates when it meets Dec. 22. Some economists expect it to set a repurchase rate as low as 3.00 percent, less than the 3.30 percent rate prevailing in Germany, the benchmark for the euro countries.

ConAgra is among a wave of employers around the country that are beginning to provide subsidized housing for their workers, primarily as a recruitment and retention tool in areas where a booming economy has created an extremely tight labor market. Some business owners see subsidized housing as a benefit they can use to entice workers at a time when, they say, they cannot raise wages.

Corporate profits continue to rise in most industries, despite sluggish conditions abroad," Abby Joseph

Technology Stocks Power Nasdaq to Record

NEW YORK — Stocks rose Friday, with the broad Standard & Poor's 500 and Nasdaq composite indexes setting records as investors continued to pour money into technology stocks.

The Nasdaq finished 31.23 points higher at a record 2,016.44, while the S&P 500 ended up 54.2 points at a new peak of 1,192.29. The Dow Jones industrial average lagged, finishing up 18.80 points at 9,333.08.

But the blue-chip index is still up 1.8 percent for the year.

Gaining issues outnumbered losing ones by a 7-to-6 ratio on the New York Stock Exchange.

"The U.S. economy continues to expand and create jobs, and cor-

porate profits continue to rise in most industries, despite sluggish conditions abroad," Abby Joseph

U.S. STOCKS

Cohen, investment strategist for Goldman, Sachs & Co., wrote in a note to clients Friday.

Internet companies soared, partly on optimism that consumers will do much of their holiday shopping on-line.

"Everyone's saying Internet shopping is going to be so big," said Patrick Davis, co-head of Nasdaq trading at PaineWebber Inc. "And people who use the Internet are buying the stocks. But they're not going to stay up forever."

Books-a-Million was the most ac-

tively traded stock, rising 26 to 38 1/16. The stock traded at just 4% on Tuesday, before it introduced an enhanced Web site to sell more books over the Internet.

Egghead.com, which sells software on-line and holds auctions on the World Wide Web, rose 10 3/16 to 31 3/4. The price has doubled this week. Onsite, another Web auction service, rose 37 1/4 to 97 1/4; it began the week at 29.

America Online, the leading Internet service provider, rose 2% to 94 7/8.

Oil stocks rose after Exxon and Mobil confirmed they were in talks that could lead to a combination of the companies. Exxon rose 1 11/16 to 133/32 point higher at 101 12/32, sending the yield down to 5.16 percent from 5.19 percent Wednesday.

More than a dozen companies this

week announced deals or talks on

mergers or acquisitions, all of them valued at more than \$1 billion. Investors took this as a sign that companies see value in the market.

The tone of the market is bullish," said Ed Laut, co-head of equity trading at ABN AMRO Inc.

"The problems over the summer seem less troublesome. The perception is that the worst is over."

In the Treasury bond market, prices rose on expectations for inflation to remain subdued, even as the economy grows.

The 30-year issue finished 13/32 point higher at 101 12/32, sending the yield down to 5.16 percent from 5.19 percent Wednesday.

(Bloomberg, Reuters)

Luring the Low-Paid With Visions of a Home

By Kirstin Downey Grimsley

Washington Post Service

HUNTSVILLE, Arkansas — It's the frenzied "fresh" season at the Butterfield Turkey Co. plant here at a remote spot in the Ozark Mountains, and workers are laboring around the clock to slaughter, clean, package and ship up to 46,000 birds a day to grocery stores across the nation.

It is arduous work for people like Alfredo Perez Martinez, 53, who is paid by the hour to work as a plant inspector. But when Mr. Martinez's 12-hour nocturnal shift is over each morning, he just crosses the parking lot and is home: He rents a dormitory-style apartment equipped with cable television, a full kitchen, housekeeping services, washer, dryer and picnic area, newly constructed by the parent company of Butterfield, ConAgra Inc.

Mr. Martinez said it is the nicest place he has ever lived in: no leaking roof, no cockroaches, no rats, adequate bathroom facilities. "I have never encountered anything like this before," he said in Spanish, explaining how the employer-subsidized housing drew him to Arkansas from California six months ago. "Now I never want to change jobs again."

ConAgra is among a wave of employers around the country that are beginning to provide subsidized housing for their workers, primarily as a recruitment and retention tool in areas where a booming economy has created an extremely tight labor market. Some business owners see subsidized housing as a benefit they can use to entice workers at a time when, they say, they cannot raise wages.

In Nashvillle, Tennessee, the sprawling Opryland resort has bought a 150-room motel for \$1.7 million to house employees it has lured from around the world, particularly Puerto Rico and Jamaica, to staff its still-growing hotel, retail and convention center complex.

Kathy Roasden, vice president of human resources, said prospective employees had turned down job offers from Opryland because they could not afford to move to Nashville. "Being able to provide housing for them gives us a real competitive advantage over other hotels that want to hire them," she said.

At almost all the companies that

provide housing, workers pay their rent through automatic payroll deductions. At the Butterfield factory, where uninsured workers start at \$7 an hour, adults pay \$40 per week for their lodging, and children stay free — a real deal, considering that apartments one hour away in Fayetteville, the closest large town, rent for \$350 to \$400 a month.

Generally, employers see the accommodations as short-term, transitional housing. Opryland imposes an 11-month cutoff after which workers are supposed to find their own place.

Though employer-assisted housing is growing, it carries specters that even its most enthusiastic adherents

find troubling. The company towns of the 1800s gradually transformed immigrant workers into indentured servants when their expenses were inflated and deducted from their pay.

Kathryn Oberdeck, a cultural historian at the University of Illinois, said company towns were founded with fairly benevolent intentions, but that sometimes economic conditions deteriorated, the housing fell into disrepair and workers were abused.

"Then benevolence would show some frayed edges," Ms. Oberdeck said, adding that at some factory towns, poor housing and work conditions led to rising tensions, strikes and violence.

EXXON: Global Pressures Produce 'Unthinkable' Mergers

Continued from Page 11

Exporting Countries put off until March any decision on extending oil production cutbacks to prop up prices.

Moreover, improving technology for exploration and production and the opening of new regions to development have added to the already huge supply of oil that is on hand now.

In response, many energy companies have already begun a new wave of cutbacks in their staffs and operations. To further reduce costs, companies like Mobil are forming partnerships that stop short of full mergers.

Two years ago, Mobil agreed to combine its European refining and marketing operations with British

Petroleum's, resulting in annual savings of about \$500 million. Shell and Texaco then formed a refining partnership in the United States.

In the face of these partnerships, said Amy Jaffe, an energy analyst with the James A. Baker 3d Institute for Public Policy in Houston, "If you're an Exxon, how do you compete?"

Although Mobil and Exxon might have high concentrations of gas stations in certain areas of the United States, analysts say they have far more competition at the pump than before oil prices collapsed in the 1980s.

Thousands of convenience stores now also sell gasoline produced by a variety of refining companies, and foreign national oil companies, like Venezuela's, sell their supplies

through acquired companies like Citgo.

Under Mr. Noto, Mobil has been hunting for ways of becoming large and lean enough to survive. He took the lead in the deal with British Petroleum and has considered buying up smaller companies. And he has made it clear that corporate or personal pride would never block a deal.

In the European agreement with British Petroleum, Mobil's red flying horses have come down from the fronts of many gas stations, while the green and yellow BP logos have gone up.

As major oil companies team up, said John Hervey, an analyst with Donaldson Lufkin & Jenrette, "If the price is right, egos will not get in the way."

Very briefly:

• Skoda Auto, a unit of Volkswagen AG, plans to start building a plant in northern Colombia next year that would assemble 20,000 vehicles a year and employ 600 workers, the company's local affiliate said.

• Loews Corp., the No. 3 American cigarette maker, will take a pretax charge of \$325.2 million in the fourth quarter to cover costs of the settlement ending 46 states' health-care claims against cigarette makers.

• Rival Co., which makes appliances under the Pollenex and Simer names, said it had received an unsolicited offer from an unidentified buyer and was evaluating the bid.

• Infosys Corp. has renegotiated a deal with Netscape Communications Corp. to reduce the portion of visitors to Netscape's NetCenter site that are steered to Infosys's Internet search engine.

• Viacom Inc. completed the sale of its Simon & Schuster educational publishing business to Pearson PLC for \$4.6 billion, which Viacom will use to repay debt.

• DaimlerChrysler AG will idle 348 workers at its Fenton, Missouri, minivan plant in anticipation of a seasonal slowdown in minivan sales.

(Bloomberg, Reuters)

Some Good News for Brazil

Bloomberg News

BRASILIA — Brazil's current account deficit narrowed in October from the previous month as imports slumped and capital flight slowed, the central bank said Friday.

The current account deficit — the broadest measure of a country's trade of goods and services — fell to \$4 billion, from \$4.7 billion in September. The drop was spurred by a trade deficit that fell to \$472 million, from \$801 million the previous month, as imports fell due to a weakening economy. Non-Brazilian companies repatriated \$568 in profits, falling from a record \$1.9 billion in September.

(Bloomberg News)

The Trib Index

Prices as of 3:00 P.M. New York time.

Jan. 1, 1992 = 100	Level	Change	% change	year to date	% change
World Index	199.54	+ 2.50	+ 1.27	+ 15.94	
Regional Indexes					
Asia/Pacific	92.33	- 0.47	- 0.51	- 3.88	
Europe	229.97	+ 5.10	+ 2.27	+ 18.13	
N. America	279.73	+ 1.94	+ 0.70	+ 29.51	
S. America	96.92	+ 0.65	+ 0.68	- 36.52	
Industrial Indexes					
Capital goods	294.35	+ 4.28	+ 1.53	+ 37.85	
Consumer goods	244.88	+ 0.74	+ 0.30	+ 16.81	
Energy	206.41	+ 8.97	+ 3.49	+ 5.87	
Finance	139.92	+ 1.86	+ 1.35	+ 13.78	
Miscellaneous	184.43	+ 2.12	+ 1.16	+ 23.05	
Raw Materials	171.55	+ 0.77	+ 0.45	+ 2.58	
Services	207.42	+ 3.16	+ 1.55	+ 18.99	
Utilities	181.14	+ 2.92	+ 1.64	+ 8.55	

Compiled by Bloomberg News

U.S. STOCK MARKET DIARY

Indexes

Most Actives

Nov. 27, 1998

High Low Latest Chg. Opt.

CORN (CBOT) 5,000 bushels-cash per bushel

COTTON (CBOT) 5,000 pounds-cash per pound

SOYBEAN (CBOT) 50,000 bushels-cash per bushel

SOYBEAN OIL (CBOT) 100,000 gallons-cash per gallon

SOYBEAN MEAL (CBOT) 100,000 pounds-cash per 100 pounds

SUGAR (CBOT) 50,000 pounds-cash per 100 pounds

WHEAT (CBOT) 50,000 bushels-cash per bushel

WHEAT OIL (CBOT) 100,000 gallons-cash per gallon

WHEAT MEAL (CBOT) 100,000 pounds-cash per 100 pounds

CATTLE (CBOT) 40,000 lbs.-cash per lb.

LIVESTOCK (CBOT) 40,000 lbs.-cash per lb.

BEEF (CBOT) 40,000 lbs.-cash per lb.

BEEF OIL (CBOT) 100,000 gallons-cash per gallon

BEEF MEAL (CBOT) 100,000 pounds-cash per 100 pounds

LAMB (CBOT) 40,000 lbs.-cash per lb.

LAMB MEAL (CBOT) 100,000 pounds-cash per 100 pounds

LAMB OIL (CBOT) 100,000 gallons-cash per gallon

PORK (CBOT) 40,000 lbs.-cash per lb.

PORK BELLIES (CBOT) 40,000 lbs.-cash per lb.

VIAG to Buy Algroup In \$8.7 Billion Deal

Compiled by Our Staff From Dispatches

ZURICH—VIAG AG, the third-biggest utility in Germany, agreed Friday to buy Alusuisse, Lonza Group in a stock swap worth \$8.7 billion. If marks the biggest takeover of a Swiss company by a foreign rival and creates a company with interests in energy, aluminum, chemicals, packaging and telecommunications.

Shareholders of the Swiss company, known as Algroup, will get 21.7 new shares for every share they own in a new company that has yet to be named. VIAG holders, which will own 65 percent of the new entity, will get 10 shares for every VIAG share.

The combined company, which will be dominated by VIAG executives, expects to see cost savings of \$70 million Deutsche marks (\$334.4 million) annually after three years. The deal will result in cutting about 2,500 jobs, or 2 percent of the companies' combined work force.

The new company will have its headquarters in Munich.

Algroup shares closed up 20 Swiss francs at 1,820 (\$1,293) in Zurich, while VIAG shares fell

41.50 DM to 1,064.50 in Frankfurt. The new company, which says it will have annual sales of \$3 billion, will be as big as such European powerhouses as the engineering company ABB Asea Brown Boveri Ltd. While it will rank in Europe's top five in most of its businesses, investors were divided over whether it makes sense to create a 1970s-style conglomerate.

"There certainly are synergies, and Algroup shareholders get a good deal," said Markus Wissler, a round manager at Coop Bank in Basel. "For VIAG, though, I would have preferred a concentration instead of this expansion."

Sergio Marchionne, chief executive of Algroup, said the deal offered a unique opportunity for his company to strengthen its aluminum, packaging and chemicals businesses.

"Our industrial operations are really a perfect fit," he said.

The deal was the latest in a string of European corporate consolidations, many involving German companies.

This week alone, Deutsche Bank AG said it was in talks to take over



Andy Nortnik/Bloomberg

Bankers Trust Corp. of the United States, and the largest German drug maker, Hoechst AG, announced it had entered into talks to combine its life-sciences business with Rhone-Poulenc SA of France.

VIAG and Algroup said they expected to complete the transaction by August. Algroup's main shareholders backed the transaction, the company said.

"We're convinced the new entity will create better value for Algroup shareholders," said the Swiss financier Martin Elsner, who owns 14.2 percent of Algroup shares. He will also be one of four Algroup board members on the 10-member board of the new firm.

Algroup, founded in 1888 and just emerging from a major reorganization, said last week it was in "cooperation talks" with VIAG, which was founded in 1923 and sold to investors 10 years ago.

(Bloomberg, AFP, Reuters)

New Beetle Hits European Roads

Bloomberg News

WOLFSBURG, Germany—Volkswagen AG began selling its New Beetle in Europe on Friday, nine months after its U.S. introduction, with hopes that the wave of "Beetlemania" that engulfed the American public this year will spill into its home market.

The bubble-shaped New Beetle, the first full redesign of the world's best-selling car in 60 years, was aimed at spearheading Volkswagen's renaissance in the United States by increasing the number of showroom visitors and helping the sale of other models such as the Passat and Jetta sedans. Spurred by the introduction of the New Beetle, U.S. sales jumped 65 percent in the first 10 months of 1998.

Initial European reactions to the car indicate it may generate the same kind of interest it has been producing for the European market. Volkswagen is already the

largest carmaker in Europe, selling 2.3 million units last year.

The New Beetle cost more than \$500 million to develop and comes with anti-lock brakes, air bags installed in the front and sides as well as electronic stabilizing equipment as standard. The predecessor to the New Beetle was famous for its faulty heating system and spartan interior.

Major Investment Planned

Volkswagen said Friday it would spend 61.5 billion Deutsche marks (\$36.08 billion) on improving its production facilities and developing new models over the next five years, Bloomberg reported.

The investment will be used to develop and build a new luxury model, a sports-utility vehicle in a joint venture with Porsche AG, a smaller Bentley and other models between 1999 and 2003.

Unemployment Eases in France

Compiled by Our Staff From Dispatches

PARIS—Unemployment in France fell to 11.7 percent in October from 11.7 percent, the Labor Ministry said Friday, the lowest level in three years.

The figure reflects a slow but steady improvement in the high joblessness rate, long one of France's knottiest problems. The October decline was largely the result of more jobs found by men aged 25 to 49, according to the Labor Ministry.

The drop in the jobless rate exceeded expectations. Many economists had said unemployment would be unchanged from September. According to the ministry and the unemployment agency ANPE, the number of job-seekers fell by 9,000, or 0.3 percent, to 2,945 million people.

(AP, Bloomberg)

WORLD STOCK MARKETS

Friday, Nov. 27

Daily prices in local currencies

High Low Close Prev.

Amsterdam AEX 1,038.50 1,038.50 1,038.50 1,038.50

Audi 41.45 41.45 41.45 41.45

Audi 41.45 41.45 41.45 41.45</

ASIA/PACIFIC

ADB Sees Rebound Next Year

Compiled by Our Staff From Dispatches

MANILA — Most Asian economies will recover from recession next year as currencies stabilize, though many countries will need to strengthen their banks before they can return to rapid growth, the Asian Development Bank said Friday.

The region is likely to see economic growth of 3.5 percent in 1999, the ADB said, almost double the rate this year.

"The crisis has bottomed out," said Christopher Walker, a bank economist, at a conference to discuss regional prospects.

But a quick return to former growth rates — approaching 10 percent — is unlikely, the ADB said.

The bank, owned by governments in the region, downplayed the depth of the slump, saying weak banking systems had made Asian economies vulnerable to capital flight. It slashed its April forecasts for economic growth but said the world was past for most countries.

That view is shared by the International Monetary Fund, which put together billions of dollars in loans to resuscitate economies in Thailand, Indonesia and South Korea. The ADB contributed to those rescue packages.

"The Asia-crisis countries are forming the base for a recovery in 1999," said David Neller, the IMF assistant director for the Asia-Pacific region. "But the reform process is going to be a long-life process."

The ADB said that while some currency and equity markets staged partial recoveries this year, "bad loan rates kept rising in 1998 as corporate failures exacerbated banking sector problems."

"As long as international capital markets remain shaky, developing countries in Asia and the world will appear vulnerable to investor panic," the report said. (AFP, Bloomberg)

Low Oil Prices Help Make or Break Recovery

Energy Importers Stand to Benefit, While Exporters Face Bleak Prospects

By Michael Richardson
International Herald Tribune

SINGAPORE — Depressed international oil prices, driven to 22-year lows by falling demand, could hasten recovery in energy-importing Asian countries while worsening the plight of several petroleum exporters in the region, particularly Indonesia, officials and analysts say.

Dresdner Kleinwort Benson Securities, a unit of Dresdner Bank AG of Germany, said that lower oil prices could increase industrial growth in India by up to 4 percent a year and would also give a major lift to Indian refiners and energy intensive sectors of the economy, such as cement, metal manufacturing and transport.

India alone is expected to save nearly \$1 billion on crude oil imports this year, almost one-fifth of the \$5.1 billion it spent on oil in 1997.

Singapore cut its gasoline excise tax by 6 percentage points Wednesday, to 40 percent, and removed

a tax on diesel fuel as part of a package of cost-cutting measures amounting to 10.5 billion Singapore dollars (\$6.41 billion) a year to help pull the island-state out of recession and sharpen its competitive edge against lower-cost neighbors.

For other Asian petroleum importers, including Japan, South Korea and Thailand, the decline in oil prices will only help counterbalance the drop in the dollar value of their currencies.

In Thailand, for example, the baht's dollar-purchasing power is down about 40 percent since July 1997. Over the same period, the dollar value of oil has dropped 37 percent.

Thailand has saved foreign exchange in the past year by having electricity-generating plants that used imported oil switch over to locally produced natural gas.

"Thailand plans a further 80 percent reduction in fuel oil use during

the next three years," said John Imle, president of Unocal Corp., which operates Thai gas fields that generate 40 percent of the country's electricity.

So far this year, the price of benchmark North Sea Brent crude oil has averaged \$13.66 a barrel, a lower price than at any time since 1976. In recent days, it has been trading below \$11 a barrel, and most oil experts expect prices to stay low into next year, possibly longer.

This is bad news for Indonesia, the leading Asian oil exporter and the only East Asian member of the Organization of Petroleum Exporting Countries.

"Current oil prices are too low," said the Indonesian mines and energy minister, Kunutoro Mangkusubroto. "The revenue from oil is very important for Indonesia. We want to see the oil price higher."

More than in any other Asian country, oil and gas play a pivotal role in the Indonesian economy, now in the midst of its worst recession in more than 30 years.

In the year to March 1997, before the financial crisis struck, petroleum accounted for 8 percent of gross domestic product, 18 percent of government revenue and 24 percent of export earnings.

The current government budget is based on an average oil price of \$13 per barrel. If the price turns out to be lower, the large deficit will increase.

Malaysia, Brunei and Vietnam, the region's other net oil exporters, are also being hurt by low prices, but not nearly as much as Indonesia, either because they are less dependent on the petroleum sector or because their finances are stronger.

Asia imported about 12 million barrels of oil a day in 1997, mainly from the Middle East. Indigenous production was about 7 million barrels a day.

Fereidun Fesharaki, director of the energy program at the East-West Center in Hawaii, said oil consumption figures so far this year indicated demand for 1998 would decline by about 360,000 barrels per day from 1997 — the first yearly fall since 1992.

"Oil demand would have been even lower had oil prices not declined," he noted.

Mr. Fesharaki said Asian oil demand would rebound by 2000, to a rate about 700,000 barrels per day higher than in 1997.

Investor's Asia

Hong Kong	Singapore	Tokyo
Hang Seng	SGX Straits Times	Nikkei 225
11000	1550	17000
10000	1400	16000
9000	1250	15000
8000	1100	14000
7000	950	13000
6000	800	12000
JASON 1998	JASON 1998	JASON 1998
Exchange	Index	Index
Hong Kong	Hang Seng	SGX Composite
Singapore	SGX Straits Times	SGX Composite
Sydney	All Ordinaries	ASX Composite
Tokyo	Nikkei 225	TOPIX
Kuala Lumpur	Composite	KLSE
Bangkok	SET	SET
Sabah	Composite Index	ASX Composite
Taipei	Stock Market Index	TSE Composite
Manila	PSI	SGX Composite
Jakarta	Composite Index	SGX Composite
Wellington	NZSE 40	NZSE 40
Sabah	Composite Index	SGX Composite

Source: Telakars

International Herald Tribune

Very briefly:

• Malaysia's economy is expected to report Saturday its sharpest contraction ever for the third quarter. Gross domestic product is expected to have shrunk 7.8 percent in the July to September quarter, according to a survey of five economists.

• Japan's jobless rate was stuck at a record high 4.3 percent in October for the third straight month, the government said.

• Taiwan's government said new interest rate cuts are on the way. The announcement followed a jump in the interbank interest rate, which climbed as high as 7.25 percent Friday, compared with the average this month of 5.35 percent.

• Singapore Telecommunications Ltd.'s first-half profit rose 3.4 percent, to 997.6 million Singapore dollars (\$609.1 million), not including a 4.7 million charge against a write-down of investments. The largest Singapore company warned that profit for the second half would be weaker.

• Kia Motors Corp. said it would resume production Tuesday, aided by rising orders and lower inventories. The South Korean automaker suspended production of some assembly lines on Monday for at least a week because of sluggish sales.

• Thailand said regional securities regulators had agreed this week to establish a panel to monitor activities of global hedge funds. The Asia-Pacific Regional Committee of the International Organization of Securities Commissions took the step in a bid to maintain stability in regional capital markets.

• China plans to cut steel imports by more than 40 percent next year after a weakening in demand raised inventories and reduced earnings at state-owned companies.

• Australia's ban on mergers between its four biggest banks is still in place, though it could be reviewed. Financial Services Minister Joe Hockey said National Australia Bank Ltd. has lobbied the government to drop the ban. Newspapers have reported that the bank might bid for Australia & New Zealand Banking Group Ltd.

Bloomberg, AFP, Reuters, Bridge News

Philippine Economy 'Bottoms Out'

Compiled by Our Staff From Dispatches

MANILA — The Philippine gross domestic product contracted 0.1 percent in the three months to September, officially putting the country into recession, the government reported Friday.

It was the second successive quarterly GDP decline after a revised 0.8 percent contraction in the three months to June.

But the decline was smaller than many analysts had expected because an expansion in services and consumer spending offset dwindling farm output.

In a sea of very negative growth in the region, this is actually very, very positive news," said the secretary of the Socioeconomic Planning Department, Felipe Medalla. "The economy has bottomed out."

Philippine stocks rallied, driving the benchmark Philippine Stock Exchange composite index up 54.43 points, or 2.8 percent, to 1,975.36.

The government said agricultural output, which accounts for one-fifth of the economy, fell 5.5 percent in the third quarter as bad weather pummeled crops. A broader measure of output that includes fisheries

and forestry shrank 3.1 percent.

Industrial production contracted 1.7 percent in the third quarter, pulled down by a 15 percent drop in construction. Rising bad loans made banks reluctant to extend credit, halting housing construction.

Manufacturing rose 0.9 percent in the third quarter. It was propped up by an expansion in food output and electrical machinery, especially microcircuits that make up more than half of the country's exports.

Offsetting the industrial and agriculture slumps was the service in-

industry, the largest part of the economy, which expanded 2.6 percent. In the past few years, the government has deregulated key sections of the economy such as telecommunications and transportation, leading to an investment boom.

Gross national product, which includes remittances from some 4 million Filipinos working abroad, rose 0.8 percent in the third quarter from a year earlier.

The revised GNP growth figure for the second quarter was 0.3 percent. (AFP, Bloomberg)

Bonds That Pay Off in Video Games

Bloomberg News

TOKYO — Sega Enterprises Ltd., seeking to capitalize on publicity surrounding the release of its new video-game machine, is selling 10 billion yen (\$82.2 million) in "Dreamcast" bonds.

The 2.15 percent, three-year bonds come with a commemorative 500-yen cash card usable at convenience stores and gasoline stations, along with a chance to

win Dreamcast game machines and other prizes.

Dreamcast, which went on sale Friday, replaces the failed Saturn system. Sega hopes the new machine, which features faster graphics and access to the Internet, will lift its estimated 5 percent share of the \$15 billion video-game market dominated by Sony Corp.'s PlayStation and Nintendo Co.'s Nintendo64.

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Retail Banking

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Will Retail Banking's High-Tech Future Mean Writing Off Checks?

Globally, Sector Is Shifting From Paper
To a New Generation of Alternatives

By Andrew Blum

THE CITIBANK advertisement in The New York Times was clear, if a little surprising: "Pay 2 bills on-line. Get \$25."

A bank giving away money? This was not a typographical error, but a hard sales pitch for what many see as the future of retail banking: Faced with increasing competition and similarly increasing costs, banks such as Citibank are using incentives to lure customers away from checks and into cheaper, technology-based alternatives.

By definition, checks are orders to a bank to move funds. Banks and billers spend billions of dollars processing and mailing checking statements and bills, so they, naturally, are on the outlook for cheaper alternatives.

Diamond Technology Partners, a management consulting firm in Chicago, figures that total costs for the bill and processing system in the United States alone range from \$5 to \$15 per bill. The firm figures that there are 37 billion bills mailed each year, so using a \$10 average, that's \$370 billion. Electronic billing and payment technology can cut 10 percent of total costs, the firm said. (On the other hand, bill issuers would pay 40 cents per item for electronic presentation; a total of \$15 billion, Diamond Technology adds.)

The math is attractive from the consumer side as well. The average person may spend an hour a month paying bills and writing checks—not to mention the money spent on stamps and registered mail.

Yet there are still about 70 billion checks written per year in the United States alone, where almost all the 194 million adults have checking accounts. In France, where checks are the most popular form of account settlement, half the checks written are for amounts less than 300 francs, or about \$50.

By some estimates, it could be 40 years or two generations before checks vanish, since to people of a certain age they provide unimpeachable evidence of a transaction: a paper record. There is probably more emotion than legality at

work here. No less a stickler than the U.S. Internal Revenue Service, for example, will accept credit records and bank withdrawal slips as proof of an expenditure, in addition to cancelled checks. Most big banks will provide proof of a transaction on request.

James Zogby, an advisor for First Allied Securities Inc. and a former executive at the insurance holding company RLJ, sees the issue as generational.

"I expect checks to stay around because a large segment of people over 65 want to see a piece of paper of some sort," he said. "To go paperless is extremely difficult."

Mr. Zogby, who is also a professor of risk management and investment at Illinois Central College in Peoria, Illinois, said the 45-to-65 age group is in transition. But it is the 30-to-45 age group that knows computers and "trusts them" and allows paperless transactions, he said.

"These are people who use debit cards," he added. "The generation after them will not remember what a check is."

The future of payment alternatives can already be seen in practice in some areas of the world. In many parts of Europe, debit cards are more popular than checks, and in Japan cash is king.

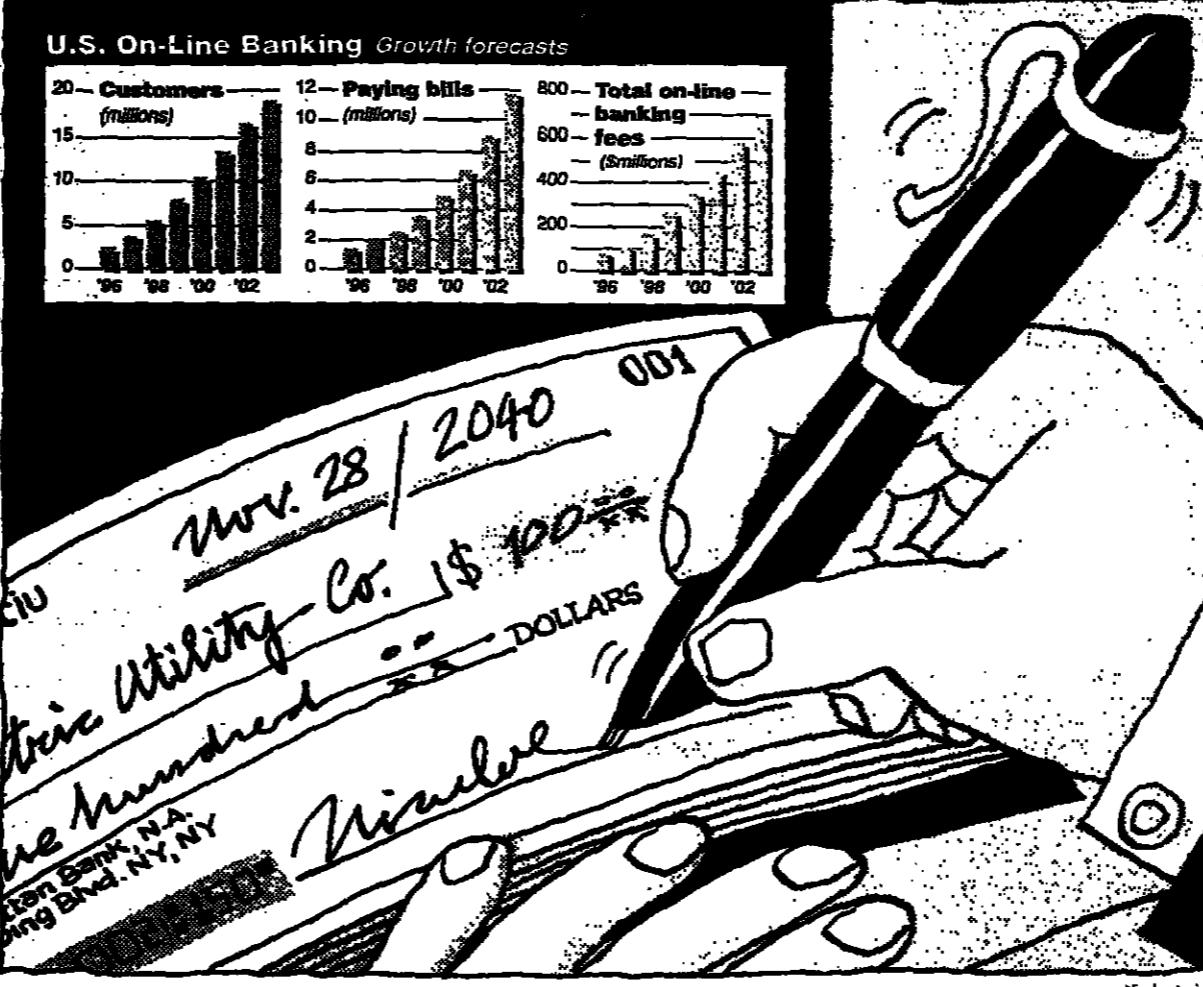
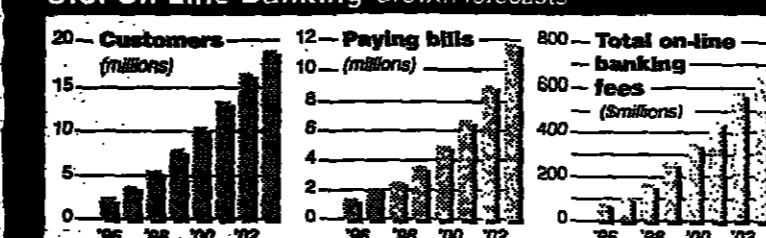
And while some countries such as Mexico have instruments that resemble checks—such as drafts from "private bankers"—checks are still largely viewed as an Anglo-Saxon phenomenon. That is why expatriates from North America are the target market for banks pushing checking alternatives.

In addition to on-line banking, the alternatives include:

• Debit cards, which act as an electronic check, allowing a customer to pay for goods and services by automatically deducting the amount from a checking account.

• "Smart" cards, with embedded computer chips, which allow customers to transfer funds from a bank account to the card at ATMs. The idea is to spend the funds at selected stores, which in theory should make small, routine purchases go quicker. So far, though, bank tests of the idea have failed in New York

U.S. On-Line Banking Growth forecasts



because the cards were not widely accepted by merchants, and credit card companies report similar experiences in parts of Canada and Britain.

• Electronic payment and presentation, which encompasses a variety of ways to pay bills without checks. The race is on among banks, billers and electronic commerce companies to allow a customer to be billed on-line and then pay the bill the same way.

The alternatives do not come cheap. George Barto, an on-line banking analyst at Inteco Corp., a consumer research firm in Norwalk, Connecticut, has found that on-line banking carries an average fee of \$5.71 a month, depending on the bank. Inteco defines on-line banking as

viewing balances, transferring money between accounts, paying bills from checking accounts and viewing credit-card activity and/or making credit-card payments from checking accounts.

Companies in the market are betting such fees will be worth it to customers. On-line banking provides 24-hour, 7-day a week access to accounts, said Randy Kahn, president of First Data Direct Banking, a unit of First Data Corp. that develops Web sites for banks geared to on-line banking. So far, his company has 50 banks as customers in the United States.

But the lack of widespread electronic payment capability is one reason why talk is still of the future, he said. "Checks are not going to disappear overnight until the payment system is in place. We're not there yet."

Mr. Barto acknowledged that there had been talk for 20 years of a checkless, paperless society. And indeed, it took from the early 1960s to late 1970s for automated teller machines to gain widespread public acceptance.

As the global banking giants face competition from these alternatives—and from the growing number of non-bank financial institutions, such as brokerages and insurers, that offer checking as part of their package of services—they are left with a tough choice: Beat 'em or join 'em.

Chase, the world's third-biggest

bank in terms of assets, is poised for what it sees as a chance to get Internet-based banking and investing in 100-odd countries worldwide.

Citibank recently announced a new on-line system aimed first at the U.S. market, then expanding to other countries where it does business. Mr. Barto sees Citibank's move as one without borders.

"One of the things they tout with on-line banking capability via the Internet is that you can open a checking account with them and use it anywhere in the world," he said. "They see an opportunity to get business worldwide."

Citibank is also a minority equity investor in TransPoint, an Internet bill delivery/payment joint venture between Microsoft Corp. and First Data Corp. A pilot of that system will be held with several financial institutions.

Chase Manhattan, which has 3 million checking account customers, is also pushing alternatives. Although it only has 250,000 on-line banking customers and a "smart card" pilot bombed in New York City, Chase says the Internet and on-line banking is the future, especially for expatriate banking.

Unlike Citibank, which has retail branches abroad, Chase only has them in several American states. But according to Robin Klein, a senior vice president, and Eviann Cowing, vice president-cross-border businesses, Chase is widening checking alternatives.

Currently, it targets two groups abroad—expatriates and non-resident aliens, offering those 67,000 customers checking and other products. With a U.S.-based account, a customer can have bills paid for \$150 a year, use wire transfers and bank at 285,000 Cirrus network ATMs worldwide. Checks are a rarity from these customers.

For those using checks, Chase is about to launch check imaging on statements, Ms. Klein said. Aimed at reducing fraud and costs, "what you see is a copy of the check on the statement," she said.

Elsewhere, Chase sees promise, too. It has 250,000 domestic on-line banking customers—for security reasons it cannot ship its software overseas—but believes electronic banking is the future there.

"We believe the Internet and on-line banking are the future of doing business with these clients," Ms. Cowing said.

Staying Power, in the System or Out

With Any Stock-Picking Formula, Patience Is the Key Virtue

THE VALUE OF a stock-picking system is that it's a discipline: If you keep following the same formula over and over, then you will make good profits. So why is Michael O'Higgins mon- keying with success? Mr. O'Higgins, inventor of the Dow 10, has added bonds and Treasury bills to that elegant and beloved system. He has become a market timer!

Meanwhile, a new Dow-based system has caught my eye. It was invented by Kenneth Lee, author of a new book, "Trouncing the Dow." While a bit complicated for my taste, Mr. Lee's system seems to have significant advantages over the original Dow 10—mainly, that it is built on a buy-and-hold philosophy.

The Dow 10, also called "Dogs of the Dow," works this way: Put equal amounts of money in the 10 stocks with the highest current dividend yields among the 30 stocks in the Dow Jones Industrial average. Wait 12 months. Sell the stocks, and repeat the process.

These Dogs really work. In his book, "Retire Rich," James O'Shaughnessy tracked the system from 1952 to 1996 and found that an initial investment of \$10,000 grew to \$6.6 million, while \$10,000 in the Standard & Poor's 500-stock index grew to only \$1.7 million.

Still, the last few years have not been so felicitous. In 1997, the system returned 18.5 percent, compared with 25.0 percent for the complete Dow 30. And, through Nov. 25, the Dow 10 has returned just 13.3 percent in 1998, compared with 17.8 percent for the full Dow and 22.3 percent for the S&P.

Is this reason to change? Of course not. The Dow 10 has beaten the S&P in 28 of the past 46 years, returning an annual average of three percentage points more than the benchmark—and at lower volatility.

But that is not good enough for Mr. O'Higgins—or for Tom and David Gardner, who oversee The Motley Fool, the popular financial Web site. The Gardner brothers invented several variations on the Dow 10, most prominently the Foolish Four. Now, they have revised even that one.

As for Mr. O'Higgins, his new system, as Barrons reported in a distressing article last week, calls for investors to pull out of stocks entirely when the average yield on AAA-rated corporate bonds exceeds the "earnings yield" (that is, the inverse of the price-to-earnings ratio) of the S&P.

According to this formula, you should be in bonds right now. But which bonds? Well, if the price of gold is down from a year ago (which it was last week by a few dollars), then, ac-

cording to Mr. O'Higgins, it's an indication that yields will be falling, so you should buy long-term zero-coupon Treasury bonds. If gold is up, then buy one-year Treasury bills.

I hope you have not been taking notes. You should not actually follow this roccoco exercise. I am laying it out to show where impatience can lead.

Mr. O'Higgins does point out that his new Dogs-and-Bonds system, as described in his new book, "Beating the Dow With Bonds," returned an annual average of 23.8 percent from the end of 1968 through September 1998, while the Dogs alone returned just 18.0 percent.

JAMES K. GLASSMAN ON INVESTING

Well, yes, but, through back-testing, you can find loads of systems that beat the Dow (and the Dogs). For example, I could propose a system that calls for buying every 50th stock listed alphabetically in the tables (50th, 100th, 150th, etc.). I could test it back 20 years and find that, alas, it returns only 15 percent. Next, I could try a series beginning with the 51st stock (51st, 102d, 153d, etc.). That one might score historical returns of 19 percent.

With infinite stock-picking formulas, several will look great when back-tested. But they are useless without a sensible underlying principle.

For the Dogs of the Dow, that principle is value. The reason the Dogs system works is that it is applied to the 30 Dow stocks, all of which are solid citizens. They will fall out of favor with Mr. Market, but they usually have the balance sheet and management talent to survive and prosper.

So picking the 10 stocks with the highest yields is a classic value, or bargain-hunting, strategy. But it's difficult to put into practice; thus, the search for new wrinkles.

The first was the Dow Five. Find the 10 Dow stocks with the highest yields. Buy the five with the lowest prices. Repeat each year. Next, the Gardners came up with the Foolish Four: Drop the lowest-priced stock in the Dow Five (on the theory that it is in serious trouble), double-up on the second-lowest-priced and buy the third, fourth and fifth stocks.

Now they have revised it, to reduce risk. You still buy four stocks, but double-up on none. You drop No. 1 only if it is both the highest-yielding stock and the lowest-priced. Otherwise, simply buy the four lowest-priced stocks.

I have never been fond of the low-risk formula, since I can't see a good rationale for them. Still, the high returns are undeniable. Last month, Ann Coleman of the Motley Fool ana-

Higher level hirings

happen through

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THE MONEY REPORT

In Singapore or Sao Paulo, London or Lagos, a World of Banking Styles

Asia: A Mixed Bag Of Fees and Services

BANKING IN Asia, outside of Japan, involves few of the up-front fees that consumers have become used to elsewhere: Checks are usually free and minimum balances are often generously low, but bounce a check or try to cash one from abroad, and the charges pile up.

Hong Kong checking accounts pay no interest, but most banks now offer a combination multicurrency account in

which customers can switch funds between checking and savings accounts in more than a dozen currencies, usually by phone. Any adult in Hong Kong with the equivalent of about \$130 can open a checking account.

In Singapore, minimum age and balance requirements are higher, and over-draft privileges are harder to acquire. Still, most people with a work permit in Singapore and the equivalent of \$500 can get a checking account with minimal fuss.

In Hong Kong, banks require a Hong Kong identity card or a foreign passport and that the account-holder be at least 18. (Hong Kong residents 11 years old or older can open savings accounts at HongkongBank.)

Most banks impose a charge for an inactive account — usually one with no activity recorded for six months — or on accounts with a balance of less than 1,000 Hong Kong dollars (\$130) at the end of each month. These charges are minor annoyances for most people. But checking-account charges pile up in Hong Kong when one tries to deposit a foreign check.

Checks sent back to the country of issue generally carry a minimum "collection charge" of \$80 to 100 dollars, and sometimes much more, plus any other fees imposed by the issuing bank for an account with a balance of less than 1,000 Hong Kong dollars (\$130) at the end of each month. These charges are minor annoyances for most people. But checking-account charges pile up in Hong Kong when one tries to deposit a foreign check.

Getting a checking account in Japan is more a result of patronage than of a specific request to get one. At most banks, neither a minimum deposit nor maintenance fees are required, but the candidate is aggressively screened and must have sizable assets — several thousand dollars, by some estimates — in a savings account, as well as a long history of dealing with the bank.

If any deadbeats manage to slip through, they are dealt with harshly: Japanese banks will suspend a checking account for two years if the holder bounces a check twice in six months.

Bankers explain that the tight rules are the result of an assumption that businesses that receive bad checks will tend to blame the bank — despite the fact that the bank is under no obligation to make good on the check.

As in Hong Kong, accounts in Singapore are comparatively hassle-free, and some even pay interest. But whereas overdraft privileges in Hong Kong can often come after six months of salary

deposits, banks in Singapore require regular fixed deposits. Also, only those 21 or older can have an account in Singapore.

United Overseas Bank in Singapore offers a combined account on which customers can write checks and earn interest. The bank charges a service fee of 2 Singapore dollars (\$1.25) per month, and the interest rates are as follows: 2.125 percent per year on the first 3,000 dollars; 2.5 percent on the next 47,000 dollars, and 2.75 percent on anything more.

— PHILIP SEGAL

Japan: The Check Is Rarely in the Mail

PERSONAL CHECKS play a marginal role in the cash-and-carry world of Japan. Holdings a checking account, in fact, is reserved for wealthy customers with large bank deposits, and counters status rather than convenience.

Checks are accepted at a limited number of retailers, usually those that sell pricey items such as clothes and furniture, and are rarely made out to clerks at regular consumer-goods outlets such as department stores and supermarkets.

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with whom to do business, the checks are of limited value, according to bankers.

"Checks never took off here," said Yoneo Takeda, a certified financial planner in both Japan and the United States.

Mr. Takeda, who once worked at a Japanese bank, recalled that when Japan's major banks introduced checking accounts in the 1960s, they failed to attract users. People became accustomed to having their regular utility payments and salaries handled by no-fee, automatic bank transfers, while paying for their groceries and restaurant bills with cash or credit card, he said.

The dominance of cash has much to do with the general safety of carrying cash in Japan, and also the relative rarity of counterfeiting.

In the United States, handing a \$100 bill over the counter invariably triggers a request for identification, but the 10,000-yen bill (worth about \$85) is one of the most commonly used notes in Japan, and people routinely carry 10 such bills in their wallets.

With banks and credit-card companies preparing to introduce electronic cash as a next-generation currency, few experts believe that checks will find wide acceptance in Japan or that banks will consider promoting such services, even with the consumer-oriented "Big Bang" financial deregulation.

"Our society," Mr. Takeda said, "is going to skip the personal check as a means of payment altogether."

— MIKI TANAKAWA

Latin America: Wary And Underbanked

LATIN AMERICANS have had good reasons to be skeptical of checking accounts. In Brazil, for instance, former governments occasionally froze private accounts in hopes of stabilizing the economy. In Argentina, rampant inflation made anything other than cash impractical. Throughout the region, frequent bank failures also helped discourage potential customers.

The skepticism remains, but it is tempered by a new confidence among

the growing middle class that governments will keep currencies stable and inflation low. Customers are considering financial products that their parents would have eschewed: checkbooks, debit cards, credit cards and even mortgages. Higher up the economic scale, Latin Americans who have long relied on U.S. or offshore banks for the first time are pondering hometown products.

Securing even a checkbook in some parts of Latin America remains surprisingly difficult, however. That is partly because much of the region is underbanked. In Brazil, there are 19,000 people for every bank branch, according to research by the Spanish bank Banco Bilbao Vizcaya, or BBV. In Peru, the figure is even higher: 27,000 for every branch. All told, there are 14,300 potential customers for every existing bank branch in Latin America, compared with just 1,200 in Spain.

Decades of state ownership and stringent restrictions also have left their mark. Many local banks require reams of paperwork before processing an application. This is particularly true in Brazil, where those in possession of checks are able to use them as a form of credit: Retailers are often willing to part with their goods in exchange for a single or several post-dated checks.

Not surprisingly, few Latin Americans have accounts. Only 35 percent of Mexicans have a bank account, compared with 95 percent of Spaniards, according to BBV. Farther south, the figures are also small: Only 35 percent of Argentines, 31 percent of Peruvians, 44 percent of Colombians and 48 percent of Venezuelans have accounts.

"It is a hugely underbanked region, but it is changing fast," said Evan Morris, an equity salesman at Fox Pitt Kelton in London. "Banks have traditionally focused on corporate and high-net-worth accounts. Now they are starting to skew their portfolio in favor of the retail market."

Some Latin American banks, notably Brazil's Itaú, are expanding across borders. But many others, unaccustomed to free-market competition and deregulation, are struggling. Indeed, several banks have collapsed in recent months. U.S. and European banks are eagerly

filling the void. Citigroup in particular is expanding aggressively, especially in Argentina, Chile and Mexico, and BankAmerica is targeting Venezuela.

Two Spanish banks, Banco Santander and BBV, are leading the European drive in the region. Also active in some parts are BankBoston Corp. and Scotiabank of Canada.

Recently, Citigroup acquired Mexico's Caja, a failed Mexican bank. It also bought 50 branches of Banco Mayo after the Argentine bank closed in October following a run on its deposits.

Citigroup is reportedly considering purchase of a Chilean consumer finance company, Financiera Atlas SA.

Citigroup, like most of the other foreign banks in Latin America, is concentrating on the upper middle and top end of the market. The bank provides checking accounts as part of a menu of product packages, which can include debit and credit cards, Internet and telephone banking and other services.

Charges range from \$8.50 to \$32 a month, which bank officials said are within the norm for the region.

— ALINE SULLIVAN

Europe Without W

W

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THE MONEY REPORT

sites on the continent. For now, such presence is not needed, said Evianné Cowing, Chase Manhattan's vice president of cross-border banking.

"So long as our clients are comfortable dealing in U.S. dollars," she said, "they can have access via fax, e-mail and telephone to the bank's full range of personal banking services, including checking, savings and deposit accounts, funds transfer, loans and offshore investments and insurance."

One reason for a growing presence of foreign banks is that many of the legal and trade barriers that kept foreign banks like Chase Manhattan out of Africa are being eliminated.

A prime example of this is a nearly unilateral move by African governments to lift prohibitive foreign-currency controls that make cross-border financial transactions difficult, if not impossible.

Another reason is that technology, in the form of satellites, wide-area networks, and Internet-based on-line networking, is making it possible for foreign banks to offer their checking-account customers unprecedented access to account information and cash.



With these developments, said Brian Paxton, a founding partner in MBendi Information Services, a market research firm based in Claremont, South Africa, individuals working in Africa are "freed from having to use the bank on the corner."

That may be a good thing. As a recent banking industry report from MBendi pointed out, a region-wide push to privatize is starting to ferret out some of Africa's weaker, financially troubled banks, even in the more industrialized countries, such as Kenya.

"There are a lot of banks that are failing in Africa right now—banks that really should never have been licensed," said Tony Wright, deputy managing director for The Standard Bank of South Africa, or Stanbic, in

Johannesburg. "An expatriate who puts their money in a checking account with a local bank could have trouble getting their money out if its fails," he warned.

"Africa is still very much a cash-based society," Mr. Wright said, pointing out that Kenya has a population of 28 million and yet only about a million people have checking accounts; let alone use credit cards.

—HOLLY HUBBARD PRESTON

Europe: Checking Without Borders?

WITH THE single European currency slated for introduction next year, and the new euro coins and notes due in 2002, the time is not too far off when consumers can shop across borders for their banking products.

That means that in countries like France, where banks do not pay interest on checking accounts, consumers may be tempted to open their main checking account with a bank in, say, Belgium or the Netherlands, where interest-paying checking accounts are the norm.

In practice, there are high hurdles to get over before cross-border banking becomes a reality: language, custom, and the glacial speed at which European monetary union is expected to proceed. Nevertheless, a look at some of the outstanding features of European checking accounts today provides a clue to the potential competitive advantages of tomorrow.

Some generalities apply across the major European markets: No minimum deposit is required to open an account, and there are no transaction and/or periodic charges for checking and overdraft privileges. Debit cards are more widely used than credit cards, which are considered a prerequisite of the well-to-do and carry high fees.

In Britain, holders of current accounts, as checking accounts are known, can benefit from overdraft privileges, but the interest rates charged for

HOWEVER YOU pay your bills — with the click of a computer mouse, the swipe of a plastic card or a signature on a check — there are companies that are positioned to be profitable investments, precisely because they aim to accommodate your style.

At the leading edge is paperless bill-paying through your bank's Internet account. You simply click on each bill you want to pay, and the amount is deducted from your account — no paper, no stamps and, enthusiasts promise, no hassle.

The basic issue is important because until now electronic bill-paying has not caught on with consumers, largely because earlier versions were too complicated. But it has become more user-friendly, and with a market expected to reach \$600 million by the year 2001, competition is heating up among an array of players.

The front-runner, in several analysts' view, is CheckFree Holdings Corp. CheckFree acts as a middleman by gathering bills electronically from companies and "presenting" them to banks, whose account-holders can pay them

instantly through on-line banking. But so far, CheckFree's path to profitability has been a roller-coaster ride for its shareholders. In August, the company's shares plunged nearly 45 percent in one day after CheckFree announced that earnings for the 1999 fiscal year, ending June 30, would be only half of what had been expected. The shortfall was blamed on the banks, which analysts said have been slow to get customers on board the electronic payment programs.

A potentially powerful competitor to CheckFree has entered the scene: Microsoft Corp. and First Data Corp. have formed TransPoint, with Citibank as a shareholder.

That has not dampened the enthusiasm of Pawan Malhotra of Legg Mason Wood Walker Inc., the Baltimore brokerage, who has a buy rating on CheckFree.

"It's a David and Goliath story," he said of the Microsoft threat, "but the David's are won."

In CheckFree's favor is that it has signed up 23 of the top 25 banks in the United States, including Chase Manhattan Corp. and Wachovia Bank, plus an impressive roster of bill producers, led by AT&T Corp., the long-distance telephone company.

Moreover, CheckFree's service is up

such "unarranged borrowing" are among Europe's highest: 30 percent a year is not uncommon. Some banks charge a daily fee of about £5 (\$5) and a monthly fee and overdraft interest.

France is one of the few countries in the European Union that does not pay interest on checking accounts. It is also one of the few in which the use of checks continues to be free of charge and widespread: The Economic Monetary Institute estimates that individuals in France write an average of 120 checks a

year, and 50 percent of checks are for amounts less than 300 francs (\$50).

The downside is that if you write a check in France without sufficient funds in your account, the bank can close your account immediately and blacklist you (*bancaire interdit*) with all French banks. But overdraft privileges are widely available.

In Germany, the check has never acquired the same importance as in most other Western countries. Consumers favor debit cards, with the Eurocheque card being the most widely distributed

and running. Mr. Malhotra noted, while TransPoint's is still in development.

"CheckFree is well ahead of the curve," he said.

For investors who find paperless bill-paying exciting, but can't stand the heart-stopping volatility of Internet-related stocks, Charles Wittmann of Wheat First Union, an Atlanta brokerage, has another approach. He likes Concord FDS Inc., which specializes in payment systems for supermarkets that enable customers to pay for their groceries by swiping their credit or bank debit cards through a machine at the checkout counter.

"They've been very smart in finding this niche because only about 60 percent of supermarkets accept this kind of payment now, so there's a lot more to go," Mr. Wittmann said. Concord is moving into gas stations and convenience stores, too.

An advantage over its competitors, he said, is that Concord is the only company whose machines accept both credit and bank debit cards. It also stands to profit from the government's plans to account electronically for food stamps, the coupons it issues to the poor for subsidized food payments. It has been acting as an adviser on the project.

Mr. Wittmann is not alone in his

appreciation of Concord. Its shares have soared 75 percent this year, and it has a lofty price-to-earnings ratio of 50. But he does not see that as excessive, given his estimate of a healthy 30 to 40 percent annual growth in revenues over the next three to five years.

"It looks to me like they have a very good game plan," he said.

Despite the current hype surrounding paperless bill paying, people who still prefer the old-fashioned method of writing out a check have little to fear.

"Rumors of the death of the check are premature," said a spokesman for MDC Communications, Canada's biggest bank-check printer.

A relatively unknown company, MDC has attracted a following on Wall Street in the past year as it has moved into the U.S. market, snapping up small check-printing companies, and showing robust sales and earnings growth. Its focus is on the \$300 million direct-to-consumer market in the United States, where users buy less-expensive checks directly from the printing company.

Michael Millman of Salomon Smith Barney, who has a buy rating out on the stock, noted that the direct market is growing at 15 percent a year, compared with the bank-check segment, in which growth is a sluggish 2 percent at best.

Mr. Wittmann is not alone in his

offering checking accounts with no interest and no charges.

Once a checking account is opened, customers are generally offered a free check book and debit card. The free debit card can only be used on the bank's own ATM network. For this reason, few people ask request it, preferring the more flexible — but not free — Pagobancomat card, which can be used at any ATM across Italy. The card fee is 10,000 to 30,000 lire (\$6 to \$18) per year.

— BARBARA WAL.

For Investors, Betting on Stock in the Paperless Chase

By Judith Rehak

HOWEVER YOU pay your bills — with the click of a computer mouse, the swipe of a plastic card or a signature on a check — there are companies that are positioned to be profitable investments, precisely because they aim to accommodate your style.

At the leading edge is paperless bill-paying through your bank's Internet account. You simply click on each bill you want to pay, and the amount is deducted from your account — no paper, no stamps and, enthusiasts promise, no hassle.

A potentially powerful competitor to CheckFree has entered the scene: Microsoft Corp. and First Data Corp. have formed TransPoint, with Citibank as a shareholder.

That has not dampened the enthusiasm of Pawan Malhotra of Legg Mason Wood Walker Inc., the Baltimore brokerage, who has a buy rating on CheckFree.

"It's a David and Goliath story," he said of the Microsoft threat, "but the David's are won."

In CheckFree's favor is that it has signed up 23 of the top 25 banks in the United States, including Chase Manhattan Corp. and Wachovia Bank, plus an impressive roster of bill producers, led by AT&T Corp., the long-distance telephone company.

Moreover, CheckFree's service is up

such "unarranged borrowing" are among Europe's highest: 30 percent a year is not uncommon. Some banks charge a daily fee of about £5 (\$5) and a monthly fee and overdraft interest.

France is one of the few countries in the European Union that does not pay interest on checking accounts. It is also one of the few in which the use of checks continues to be free of charge and widespread: The Economic Monetary Institute estimates that individuals in France write an average of 120 checks a

year, and 50 percent of checks are for amounts less than 300 francs (\$50).

The downside is that if you write a check in France without sufficient funds in your account, the bank can close your account immediately and blacklist you (*bancaire interdit*) with all French banks. But overdraft privileges are widely available.

In Germany, the check has never acquired the same importance as in most other Western countries. Consumers favor debit cards, with the Eurocheque card being the most widely distributed

— Barbara Wal.

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INTERNATIONAL Herald Tribune

SPORTS

SATURDAY-SUNDAY, NOVEMBER 28-29, 1998

WORLD ROUNDUP

Dorsett's Mark Falls

FOOTBALL Ricky Williams of the University of Texas became the leading rusher in Division I-A history Friday, breaking the record the 1976 Heisman Trophy winner Tony Dorsett held for 22 years.

After moving within 11 yards of breaking the record, Williams ripped off a 60-yard touchdown run with 1:45 left in the first quarter, giving the Longhorns a 10-0 lead over Texas A&M. He started the day needing 63 yards to break Dorsett's mark.

Dorsett, who was on the sidelines, congratulated him. Texas won the game, 26-24, and officials gave Williams the game ball.

Williams increased his career total to 6,132 yards. Dorsett had 6,062 from 1973 to 1976 for Pittsburgh before going on to a Hall of Fame career in the NFL. (AP)

A Bad Day for Woods

GOLF Tiger Woods fell six strokes off the lead in the Casio World Open in Japan when he bogeyed four straight holes and shot a 2-over-par 74 in the second round Friday. Hideki Tanaka, winner of the Japan Open, moved into first place at 137 with a 69. (AP)

John Daly followed his opening 5-under-par 66 with a 72 Friday to drop five strokes behind Anthony Wall after the second round of the Hong Kong Open. Wall had a 9-under 133 total. (AP)

Maradona Still Kicking

When a crowd of reporters and autograph seekers pressed around Diego Maradona and his wife Thursday at the Buenos Aires airport, Maradona said: "I'm not talking," and then kicked and punched his way out of the crowd, landing at least one blow on a reporter.

Finally, the Maradonas boarded a flight to Rome. In Italy, Maradona will demand financial compensation for an allegedly erroneous drug test taken during his playing days in Italy, his manager said. (AP)

Germany Enters Cup Bid

SOCCER Franz Beckenbauer, vice president of the German soccer federation, on Friday submitted his country's bid to host of the 2006 World Cup to Sepp Blatter, president of FIFA, at world soccer headquarters in Zurich.

South Africa, England, Brazil, Egypt and Ghana also have bid for the finals. Candidates have until Dec. 31 to signal their intent. FIFA's executive committee will decide on the host in March. (AP)

SCOREBOARD

ICE HOCKEY

NHL Standings

EASTERN CONFERENCE
ATLANTIC DIVISION

New Jersey 12 7 1 5 47 51 47
Pittsburgh 10 6 4 22 59 51 47
Philadelphia 10 6 4 22 59 51 47
N.Y. Islanders 10 12 0 20 58 51 47
N.Y. Rangers 9 9 6 14 49 56

NORTHEAST DIVISION

Toronto 12 8 2 26 62 56 52
Ottawa 10 6 4 23 59 51 47
Boston 9 7 5 23 52 51 47
Buffalo 9 4 4 22 52 51 47
Montreal 7 10 2 14 45 55

SOUTHERN DIVISION

Carolina 9 10 3 21 56 55
Washington 7 9 3 17 52 51 47
Florida 8 8 4 17 55 51 47
Tampa Bay 6 4 2 14 44 55

WESTERN CONFERENCE

CENTRAL DIVISION

Detroit 11 6 2 22 62 51 47
St. Louis 8 5 5 21 51 47
Nashville 8 11 1 17 52 51 47
Chicago 7 7 2 13 52 51 47

NORTHWEST DIVISION

Edmonton 11 6 1 23 52 51 47
Vancouver 9 11 1 17 52 51 47
Colorado 8 6 2 13 52 51 47
Calgary 7 12 2 16 52 51 47

PACIFIC DIVISION

Seattle 10 6 2 26 59 51 47
Phoenix 11 6 2 25 59 51 47
Dallas 11 4 3 25 48 47
Anaheim 8 8 4 24 48 47
Los Angeles 6 12 3 15 49 57
San Jose 4 10 3 15 44 55

THURSDAY RESULTS

N.Y. Islanders 9 8 1 1 1 1 1
Ottawa 1 1 1 1 1 1 1

1st Period: D-Yoshii 6 (Detroit), V-Yoshii 1
Period: O-Prospal 4 (Edmonton), McClellan 2d
Period: O-Prospal 4 (Edmonton), McClellan 2d
(ap) 3d Period: O-Prospal 4 (Edmonton), McClellan 2d



Greg Rusedski, who won the match Friday with his compatriot Tim Henman, 6-2, 6-4, in Hannover, Germany. (Peter Mazzoni/Reuters)

A Triumph for Corretja Over Costa

Winner Joins Moya, Henman and Sampras in ATP Semifinals

Compiled by Our Staff From Dispatches

HANNOVER, Germany — Alex Corretja of Spain beat his countryman, Albert Costa, 6-2, 6-4, on Friday to join Carlos Moya, Pete Sampras and Tim Henman in the semifinals of the ATP Tour World Championship.

In a match earlier Friday, Moya defeated Yevgeni Kafelnikov, 7-5, 7-5.

By avenging his semifinal loss to Kafelnikov last year, Moya ousted the Russian from the \$3.5 million tournament that nominally brings together the top eight players of the year.

On Saturday, Corretja will face Sampras in the semifinal Saturday.

Moya, ranked No. 4 in the world, will face Henman on Saturday. Henman was already assured of a place in the semifinals after defeating Alex Corretja on Thursday.

Moya, the French Open champion, had not won an indoor match all year until this week. He prefers clay, the surface on which he won the French Open, and hard courts.

"I was perhaps luckier in important moments," Moya said. "I had to be like a wall, put back every ball. I was mentally stronger than last year."

Moya's first indoor victory of the season after five defeats came at the start of the tournament's round-robin portion, when he beat Karol Kucera. He

lost to Sampras and finished behind him in one of the four-man groups.

Greg Rusedski, an alternate who came in when Andre Agassi withdrew with a back injury, crushed Henman, his British teammate, on Friday, 6-2, 6-4. He then waited for the outcome of the Corretja-Costa match to see if he had qualified.

If Costa had beaten Corretja, Rusedski would have become the fourth semifinalist.

Currently ranked No. 11 in the world and certain to move up after this tournament, Rusedski peaked at No. 4 in May but then struggled with injuries and slumped to 17th.

"To establish myself as a top-10 player is a great satisfaction," said the Canadian-born Rusedski.

"Tim did not serve as well as he usually does and I took advantage of that," said Rusedski, who now leads 2-1 after three matches against Henman. "I was mixing up my game pretty well. Everything was firing on all cylinders."

Henman, No. 9 in the world, was assured of moving up in the rankings after his performance after.

"I don't like to lose but tomorrow is much more important," he said, referring to the semifinal clash Saturday with Moya for a place in the final on Sunday.

Henman was never really in con-

tention in his match with Rusedski, dropping serve twice as many double faults to lose the first set.

Rusedski was already two breaks up in the second set and serving for the match at 5-2 when Henman restored some pride by breaking his opponent after saving a match point by hitting a forehand winner along the line.

But Rusedski was soon back in command, earning three more match points at 5-4. Henman hit a return into the net on the first to bow out after 67 minutes of a one-sided fight.

"I know a lot of attention is being paid to this rivalry, and the way the match unfolded is obviously a disappointment," Henman said. "On the day, my performance was just not good enough. Greg did very well."

Henman then went to prepare for his match Saturday.

"I need to hit some balls, to get some rhythm back in my serve," he said. "I'll still go into the match with Moya with a lot of confidence."

Sampras was not scheduled to play Friday and had the opportunity to celebrate his unique accomplishment — holding the No. 1 ranking for the sixth year after breaking the record he shared with Jimmy Connors when Marcelo Rios withdrew Thursday from the ATP event with a back injury. (AP, Reuters)

Sports Federations Take A Step Against Doping

The Associated Press

LAUSANNE, Switzerland — All international federations for Olympic sports — except those governing soccer, tennis and cycling — agreed Friday to a package of measures aimed at uniting the fight against banned drugs.

The accord calls for a minimum two-year suspension for athletes found guilty of taking steroids and other performance-enhancing substances. A second offense would mean a lifetime ban from competition.

FIFA, the governing body of world soccer, expressed reservations about the two-year penalty, saying that certain banned drugs had no performance-enhancing benefits for soccer players. FIFA's acting secretary-general, Michael Zen-Ruffinen, said he would refer the issue for consideration by the federation's executive board.

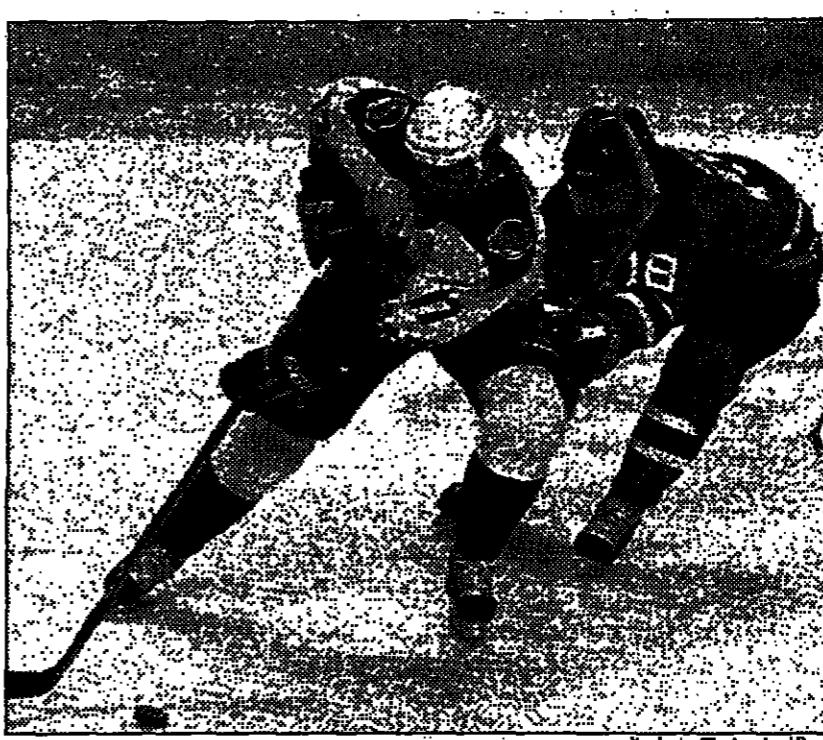
The International Tennis Federation and the International Cycling Union also objected to the resolution.

Soccer, cycling and tennis failed to comply fully with previous International Olympic Committee accords on the harmonization of doping rules and sanctions.

Previous IOC guidelines recommended a two-year ban as a maximum punishment. In some cases, different federations have applied different sanctions for the same offense.

The cycling organization, whose sport was damaged by disclosures that individuals and entire teams used banned substances during the Tour de France last summer, voiced no objections to the two-year penalty limiting the debate Friday. But the union's president, Hein Verbruggen, said the penalty would not be effective because it would not be accepted by different national legal systems.

On another key issue, the federations expressed support for the establishment of a world anti-doping agency to spearhead out-of-competition controls and coordinate drug testing research.



The Coyotes' Greg Adams in control as the Devils' Sergie Brylin trailed. (Ken Levine/AP)

Coyotes Extend Streak, Toppling Devils, 3-2

The Associated Press

PHOENIX, Arizona — In a season like few others in their dismal history, the Phoenix Coyotes have learned to beat the best.

Phoenix began its current winning streak by defeating Dallas, its rival for the Pacific Division lead, then knocked off Edmonton and Vancouver, the two best teams in the Northwest Division.

On Thursday, the Coyotes won their seventh game in a row by beating New Jersey, the Atlantic Division leader, at its own game — defense and balanced scoring.

The Coyotes killed six of seven power plays and got unexpected offense from Greg Adams, who doubled his season points with two goals and an assist in the 3-2 victory.

Phoenix kept two other NHL-best streaks alive — 13 games without a loss and 16 consecutive games of allowing two goals or less.

Scotty Upshall, the only goal for the Islanders.

EDMONTON, Alberta — Men's World

Open, Dec. 6.

WEDNESDAY, Dec. 2

RUGBY UNION, World Cup qualifying

Spain vs. Perugia.

SCOTLAND, Cape Town, South Africa

return leg, Son Laren, Arp. 6, Cape Town, Br.

THURSDAY, Dec. 3

WOMEN'S RUGBY, Zimbawbwe

first test, opening day

FRIDAY IN PESHAWAR, PAKISTAN

Pakistan vs. Sri Lanka.

WEDNESDAY, Dec. 2

CRICKET

SOUTH AFRICA vs. WEST INDIES

FIRST TEST, SUNDAY, NOV. 29

FRIDAY IN JOHANNESBURG

West Indies 261.

SOUTH AFRICA 217-4

WEDNESDAY, Dec. 2

PAKISTAN vs. ZIMBABWE

FIRST TEST, OPENING DAY

FRIDAY IN PESHAWAR, PAKISTAN

Pakistan 261.

WEDNESDAY, Dec. 2

WOMEN'S RUGBY, PAKISTAN

first test, Lahore, Arp. 6

WEDNESDAY, Dec. 2

WOMEN'S RUGBY, PAKISTAN

first test, Lahore, Arp. 6

WEDNESDAY, Dec. 2

WOMEN'S RUGBY, PAKISTAN

first test, Lahore, Arp. 6

WEDNESDAY, Dec. 2

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first test, Lahore, Arp. 6

WEDNESDAY, Dec. 2

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first test, Lahore, Arp. 6

WEDNESDAY, Dec. 2

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first test, Lahore, Arp. 6

WEDNESDAY, Dec. 2

WOMEN'S RUGBY, PAKISTAN

first test, Lahore, Arp. 6

WEDNESDAY, Dec.

SPORTS

Vikes' Hungry Offense Carves Up the Cowboys

With All the Trimmings, It's a 46-36 Feast

By Timothy W. Smith
New York Times Service

DALLAS — In the early 1990s, the Dallas Cowboys built Super Bowl championship team around a cadre of offensive stars — a shifty running back, a sure-handed possession receiver, a poised quarterback — plus a massive and powerful offensive line and a punishing defense.

The offensive philosophy embraced all the conventional notions of pro football: ball-control and a balanced attack with substance over style.

But the Minnesota Vikings blew into Texas Stadium on Thursday with an offense that turns most of those notions on their head and beat the Cowboys, 46-36.

Ball control? Forget about it. Why not score on possessions of three minutes or less if you can score five or more touchdowns a game? Possession receivers? Yeah, right. If the possession is at the end of a 50-yard drive and culminates with a point-after attempt?

Welcome to the new millennium. And what better way to usher in the new era than having a wonderful receiver like Randy Moss, who caught three passes and all three were for touchdowns of more than 50 yards.

Cris Carter added a 54-yard touchdown reception and Leroy Hoard had a 50-yard touchdown run as the Vikings ground their stuff.

The most anticipated matchup of the afternoon — between Dallas' brilliant cornerback, Deion Sanders, and Minnesota's sensational rookie receiver, Moss — never materialized because Sanders was nursing in his own version of "My Left Foot." It's the story of a fleet-footed NFL comeback with a badly sprained big toe on his left foot that prevents him from running.

Without Sanders, Moss put on his own show. After one quarter, he had caught two passes for 107 yards and two touchdowns, with a 54-yard touchdown reception by Carter sandwiched between them.

Moss' first touchdown reception came on a 51-yard pass from quarterback Randall Cunningham off a flea-flicker play. His second one was on a 56-yard pass from Cunningham. The touchdown also put the Vikings ahead by 21-6 with 2 minutes 41 seconds to play in the first quarter. The Vikings looked like a runaway train.

But then came a slight derailment. The Vikings lost one component of their high-powered offense in the second quarter when Robert Smith sprained his right knee and did not return. With the threat of Smith on the bench, the

Vikings' offense lost some steam.

It was a temporary setback. The Cowboys were able to deploy some well-timed blitzes, putting extra pressure on Cunningham and slowing the Vikings in the second quarter.

The Vikings also hurt themselves on foolish penalties during big returns on special teams in the first half. They were penalized twice, for 166 yards, on two returns by David Palmer — one wiped out a 90-yard touchdown return.

The Cowboys displayed their own big-play capability with a 67-yard touchdown pass from Troy Aikman to receiver Patrick Jeffers, but the 2-point conversion failed. After a 45-yard field goal by Gary Anderson with 16 seconds to play in the half, Minnesota took a 24-12 lead into the locker room.

The Cowboys opened the second half with an 11-play, 76-yard drive that was capped by a 2-yard run by Emmitt Smith to help make it 24-19 Vikings.

But on Minnesota's first possession of the third quarter, the Vikings went back into quick-strike mode, getting a pass-interference call against Dallas safety Kenny Wheaton. The 33-yard play gave

Minnesota the ball at the Cowboys' 12 end, on the next play, Hoard, who replaced Robert Smith, ran the ball in for a touchdown. The Vikings were ahead, 32-19, with less than a quarter and a half to play.



Cowboys' cornerback Kevin Smith being upended by Vikings' wide receiver Matthew Hatchette in second-quarter Thanksgiving Day action.

Lions Win in OT After Coin-Flip Flap

The Associated Press

PONTIAC, Michigan — Maybe the referee made a mistake. Maybe the Pittsburgh Steelers did.

All that's known for sure is that a game of X's and O's came down to heads or tails.

In a Thanksgiving Day contest marked by a bizarre coin flip to start an overtime period, the Detroit Lions escaped with a 19-16 victory over the Steelers on a 42-yard field goal by Jason Hanson, 2:52 into the extra period Thursday.

On the midfield coin flip, Jerome Bettis of Pittsburgh said he called tails. But the referee, Phil Luckett, said after the game that Bettis called "heads," and that he went with the first thing he heard.

"I did not say 'heads-tails,'" Bettis said. "That is a lie. That's a bald-faced lie."

A Detroit cornerback, Robert Smith, who was not part of the coin toss, said he heard Bettis calling heads while a team-

mate, Carnell Lake, called another.

"To me, it sounded like one guy called heads and one guy called tails," Bailey said. "That way, no matter what happens, you can argue. It's an old trick."

In any event, the Steelers kicked off and never saw the ball again.

"I'm not saying we lost the game because of the officials," the Steelers' coach, Bill Cowher, said. "But it's a shame that this is the center of focus after a game like that."

Earlier, two controversial calls led to the first of Norm Johnson's two first-quarter field goals for Pittsburgh (7-5). But clearly, the biggest disputed call came at the start of overtime, giving the Lions (5-7) the right to receive.

"I've never seen anything as blatant as that," Lake said. "I even looked at the Lions and they were like, 'Wow.' They didn't say anything because they wanted the ball. The ref made a bad decision."

After a 21-yard runback by Terry Fair, the Lions went 41 yards in seven

plays, keyed by a 28-yard pass from Charlie Batch to Herman Moore and a face-mask call against Chris Oldham. After Barry Sanders was stopped for no gain on second down, the Lions elected to go for the field goal on third down.

"This game was everything rolled into one: Thanksgiving and the Steelers and a great win," said Batch, who grew up in Homestead, Pennsylvania, about 10 minutes from Three Rivers Stadium.

Sanders gained just 33 yards on 20 carries but still became just the second back in NFL history to rush for more than 15,000 yards. He now has 15,003 and trails only Walter Payton, who holds the record with 16,726 yards.

Johnson, who had field goals of 30 and 38 yards in the second quarter, capped a 74-yard, 15-play drive with a 25-yarder to tie it, 16-16, with one second remaining in regulation.

It was a big loss for the Steelers, who started the day one game behind Jacksonville in the AFC Central.

Falcons Flying High

Rams Lack Power to Shoot Them Down

By Mike Freeman
New York Times Service

Falcons (9-2) at Rams (3-8) The Falcons are no longer worrying about winning the NFC West. They see the San Francisco 49ers in their rear-view mirror. The Falcons are looking at the bigger picture and their eyes

NFL MATCHUPS

are turned toward Minnesota. There is a chance, albeit slight, that Atlanta could get the home-field advantage throughout the playoffs if the Vikings slip. *Falcons*, 35-7.

Cardinals (6-5) at Chiefs (4-7) Arizona is ahead of where most thought the team would be this season because Jake Plummer is playing unbelievable football. He has a 96.2 passer rating in his previous four games. He will have a tough time this week because the Chiefs have the second-best pass defense in the league. But because Kansas City is reeling so badly now, the Cardinals win a close one on the road. *Pre-diction: Cardinals*, 27-24.

Packers (2-8) at Jets (7-4) Coach Bill Parcells has probably spent the past few days yelling at the Jets from sunrise to sunset, trying to impress on their brains that Carolina is dangerous. The only true danger on the Panthers is linebacker Kevin Greene, who is tied for the league lead in sacks with 14. He'll do some damage. *Jets*, 28-17.

Panthers (2-8) at Raiders (7-4) The Raiders' quarterback, Donald Hollas, may not be a pretty thrower of the best player in the league. But he is 4-1 as a starter, his only loss coming to undefeated Denver. Not bad. Washington showed a lot of guts in coming back against Arizona. But the team must be drained. That was a long game, and it has been a long season. *Raiders*, 30-18.

Redskins (3-6) at Bengals (4-7) The kind of year Peyton Manning is having is scary. He's a rookie quarterback, and unlike many rookie quarterbacks he has taken every snap. His streak of a

touchdown pass in every game this year is the most by a rookie since Joe Namath in 1965. But Manning can't play safety or linebacker or defensive end. *Ravens*, 30-21.

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Broncos (11-0) at Chargers (5-6) Denver can clinch the AFC West with a victory or an Oakland loss. But they'll win the division, either this week or next. But that of course is not the story with this team — whether they can go undefeated is. They won't, and this is the roadblock. The Broncos look unbeatable, especially early in the game, when they have outscored opponents in the first quarter by 104 points. But if the Chargers can weather the storm early, and they will, they'll be in the ball game. *Chargers*, 24-23.

Giants (4-7) at 49ers (9-3) The only chance the Giants have of winning this game is if they open up the offense. That's what a vastly outmanned New Orleans team did against the 49ers last week, and they made a game of it. Defensively is where the Giants are in trouble. *49ers*, 30-21.

Buccaneers (4-7) at Bears (3-8) The last time Tampa Bay was at Chicago, the Bears won by six points off two Buccaneers fumbles. This season, Chicago has recovered 12 fumbles, the third-best performance in the NFC. Erik Kramer isn't starting — he's being replaced by the backup, Moses Moreno — but the Bears are going to be bad. *Chicago*, 15-9.

Bills (7-4) at Patriots (6-5) How this game turns out depends on the index

of the stock market. *Bills*, 24-23.

Browns (11-0) at Bengals (5-6) The only chance the Browns have of winning this game is if they open up the offense. That's what a vastly outmanned New Orleans team did against the 49ers last week, and they made a game of it. Defensively is where the Browns are in trouble. *Browns*, 30-21.

Blowout city. The Jaguars are not happy campers after losing to Pittsburgh last week. Jacksonville will crank up its running attack, and Mark Brunell will throw for over 300 yards. *Jaguars*, 28-0.

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DAVE BARRY

How to Avoid Eels

MIAAMI — Today's culinary topic is: How to make sushi. I happen to be an expert on this topic because I recently put in a stint as a chef at an actual sushi restaurant. (One of the first things you learn, as a sushi chef, is how to put in a stint.)

Before I give you the details, I should explain, for the benefit of those of you who live in remote wilderness regions such as Iowa, what sushi is. Basically, it is a type of cuisine developed by the Japanese as part of an ancient tradition of seeing what is the scariest thing they can get you to eat raw.

The way they do this is, they start out by serving you a nice, nonthreatening piece of fish, from which all the identifying fish parts have been removed. This fish is safe to eat and tasty. But the trick is that it's served with a green condiment called "wasabi," which is the Japanese word for "nuclear horseradish." If you put more than two wasabi molecules on your sushi and eat it, your hair will burst into flames.

So after consuming some wasabi, you naturally order a cool, refreshing Japanese beer to pour on your head and perhaps, since you have the bottle in your hand anyway, wet your whistle with it. The result is that your judgment becomes impaired, which is when they start trying to get you to eat

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prank food, such as sea-urchin eggs. Sea urchins are vicious, golf-ball-shaped poison-spined sea creatures whose sole ecological purpose is to ruin your tropical vacation by deliberately not getting out of your way when you are wading barefoot. If

you eat the eggs of this animal, and fail to chew them thoroughly, you could develop an alarming medical condition that doctors call "baby sea urchins walking around inside your body poking holes in your spleen."

Other prank foods that they will try to get you to eat at sushi bars include eels, clam parts, jellyfish, tentacles with flagrant suckers, and shrimps with their eyeballs still wavy around on stalks. If you eat those, the waiter will become brazen and start bringing out chunks of coral and live electric eels. My point is that, in a sushi restaurant, you must watch what you eat. (This is exactly what "The Star-Spangled Banner" is referring to when it says "o'er the clam parts we watched.")

Despite this, I happen to be a big fan of nonprank sushi. And so when Bok An, the proprietor of Sakura, my local sushi restaurant in Coral Gables, Florida, invited me to be a guest sushi chef, I enthusiastically answered: "No!" I was afraid that I'd have to touch an eel. I am 51 years old, and I did not get this far by touching eels.

But Bok assured me that we would stick to basic fish species such as tuna, salmon and cucumber. And thus I found myself one Tuesday night, wearing a samurai-style headband and standing behind the sushi bar, blending in perfectly with the other sushi chefs, except that my headband was actually the belt of my bathrobe.

Bok stood next to me and prepared various sushi items, and I attempted to imitate him. Here's the recipe: You start with a little rectangle made of dried seaweed. Then you pick up a glob of special sticky rice and spread it evenly on the seaweed. At least Bok did. The majority of my rice remained firmly stuck to my hands and started migrating to other parts of my body. I may have to have it removed surgically.

Next, you cut up your ingredients, using a lethal-looking, extremely sharp sushi knife that causes professional sushi chefs to become very nervous when it is being wielded by a professional humor columnist. Then you put these ingredients on the rice and execute the secret sushi-rolling technique, which is difficult to describe in English words, as we can see by this actual transcript of Bok explaining it to me: "O.K., you go like this. Boom! Then you go. Boom! Boom! Boom!"

The thing was, when Bok went boom, he produced this attractive, appetizing cylinder of sushi. Whereas when I went boom, I produced this mutant food unit leaking random seafood parts. I also had a problem with my sizing: Sushi rolls are supposed to be small, bite-size morsels; mine were more along the lines of seaweed-covered hams.

But I kept trying. Remember the movie "Karate Kid," where the mean bully beats up Ralph Macchio, but then Ralph studies karate under Mr. Miyagi, and then finally, in the big tournament, with everybody watching, Ralph stuns the bully by rolling a reasonably tight cucumber roll? Well, that's what I did. In fact, I may have a knack for it. So if one day you walk into a Japanese restaurant, and you see, standing behind the sushi bar, who appears to be a man-size blob of rice wearing a blue bathrobe belt on its head, feel free to say hi. But keep your distance if I'm holding a knife.

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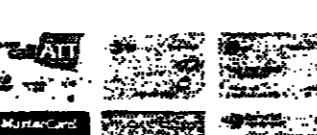
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